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28 June 1985

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POLITICAL

BELGIUM

BELGIAN FOREIGN MINISTER'S COMMENTS

MB291604 Gaborone Domestic Service in English 1800 GMT 28 May 85

[Press conference by Belgian Minister of Foreign Relations Leo Tindemans at the studios of Radio Botswana in Gaborone on 28 May--recorded]

[Text] [Tindemans] Dear colleague [Botswana minister of external affairs], let me thank you for having come to here and attending this press conference. Mrs Director [of information and broadcasting], ladies and gentlemen:

I am indeed Leo Tindemans. I can't help it, it is. I am in the Belgian Government minister for foreign relations. We changed the name foreign affairs into foreign relations because I am presiding over a ministerial committee composed by all the ministers having something to do with foreign countries. That means finance, economic affairs, agriculture, communications, foreign trade, and it is presided by the minister of foreign affairs. So they changed his name into foreign relations.

Why am I here? Belgium was always interested in Africa. You know that as well as I do. [Words indistinct] having analyzed our situation, the situation in the world, especially in Africa, we published a document trying to define a new Belgian African policy. It is about 20 pages, not only the definition of the policy we want to follow, but also some statistics and some documents were annexed to that analysis, and in it we developed some principles. For instance we want a free, liberated Africa. We want to have relations with totally sovereign African countries and in that framework we want to diversify and intensify our relations with Africa, with African countries. We want to support as much as we can the efforts, the African efforts, the efforts done by African countries in order to develop their economy, in order to have a greater status, political one, in the world, in order to defend the African interests. That means that we support the OAU, that we support organizations like SADCC and other ones.

We don't want to transplant East-West tensions to the territory of Africa, and we will not make a distinction between French-speaking and English-speaking African states. These are some of the principles we developed in that document. But to be honest, we have then, if you want to diversify, to have relations and the past being the past, but we have a certain knowledge of Africa, of the psychology of Africa peoples, of the ethnology, of the economy, even of

the languages. [sentence as heard] We still have at university experts of African problems, and we developed in our country, I think we have a fairly good reputation for what we call tropical medicine, for instance, and in the three institutes at university level for agronomy, we have in each of the three a sector for agriculture in tropical zones, for instance. So, we have a certain knowledge and experience for Africa.

And what I said to be honest and to do what we propose in that document about the new Belgian-African policy, I have to visit of course more African countries also. I did so last year. When I delivered by speech at the United Nations in 1983, I mentioned that document about Africa and, well, we planned a new trip to Africa, and at this occasion I could visit four countries where I have never been: Kenya, Zimbabwe, Botswana, and I am going from here to Mozambique. Three of these visits are official ones: Kenya, Botswana, Mozambique. It was a stop over in Zimbabwe, but I had the opportunity to have an informal meeting with the minister of finance and the chairman of the Commercial Farmers Union. So, that I have, thanks also to our ambassador, a fairly good view of what is going on in Zimbabwe. I could meet the Belgians living there. So, that also that visit was not without results.

I am here now, I am very proud to be here. This is the first visit to your country of a Belgian minister, and I think it is quite an event. Of course, we knew your country, the existence, the sovereignty, the independence, some of the efforts you are doing. Your ambassador in Brussels knows me very well, but I am glad to have the opportunity to be here. I saw a lot of things. Of course, it was at an hectic pace, I would say, it's a little bit my style. When you are twice absent at a cabinet in Belgium your position could be endangered. I am saying so, I must try to have a good program and to have the essential meetings and exchanges of view and thanks to your minister of foreign affairs. And I want to thank you once again, thanks to the president of the Republic of Botswana, who received me, and other ministers. I could have excellent talks about the relations between our countries, the situation and the evolution of yours, and, of course, and I think it is a very serious and important aspect of my trip, the problems in the region where you are living. You know that southern Africa is one of the, shall I say, explosive regions in the world. So, it is extremely important for me to hear from trustworthy people what is exactly going on and how you view, how you see the problems and the possible solutions. And believe me it is not only for me, nor for the Belgian Government. I will report to my colleagues of the EEC what I found here and what was exactly the climate I could discover at this occasion.

Having said this, let me repeat that it is my pleasure to be here in Botswana. I received a delegation from Botswana already 25 years ago. I was not a member of the government at that moment. I was secretary general of my party and people from your country came already at that moment to explain to me the problems you had 25 years ago. So, I wished to visit this country for a long time. Now I had the opportunity. I must say, not to flatter you, that I am very much impressed by the determination and the success with which the people and the Government of Botswana have developed this nation, facing a difficult and sometimes hostile environment. The fact that your country has an excellent reputation abroad, an excellent one, and all the Belgians I met here repeated it, underlining the seriousness, the sympathetic character of your people, the intelligence, or shall I say, the [word indistinct] of your people, and how

you are serious in all branches, keeping your promises and having an excellent character to deal with.

My program was...[change of thought] I had the honor and the privilege to be received, as I told you, by his excellency, President Masire. I had a long conversation with my colleague, Minister of External Affairs Dr Chiepe. I met also the vice president and minister of finance, Mr Mmusi, the permanent secretary of the minister of mineral resources and water affairs, and this morning the minister of industry, Mr Mwako.

I visited the Botswana Meat Commission yesterday and the Botswana Diamond Valuing Company this morning. I had also the opportunity of meeting my compatriots, I told you, at the residence of the Belgian consul, Mr (Lyons), here. I had a very interesting exchange of views with Dr Chiepe, namely on the question of southern Africa, what is going on in this area of the world. I just tried to explain in a few words the Belgian-African policy, what are the attitudes toward some of the countries here, toward Namibia. We are for the application without precondition of the Security Council Resolution 435 as the only acceptable basis for a final settlement.

South Africa: I recall the recent declaration of the 10 EEC member states, quote, only the abolition of discriminatory practices under the system of apartheid together with the recognition of the civil and political rights of the black population are capable of ensuring the peaceful resolution of South African society, unquote.

Security and stability: Of course your country is a very stable one and it's an advantage, it's a great trump card that other regions don't have that stability and you know them better than I do, Angola and Mozambique, where I am going this afternoon.

SADCC: Belgium supported it from the very beginning. We are a consultant of SADCC for energy. So, we are in a certain way involved to the successes of SADCC. Very much interested in how it evolves and how it works. [sentence as heard]

Of course, we discussed also the bilateral relations. We are ready to examine Botswana projects in order to cooperate in that realization and to see which means we can find in order to make them possible in Belgium. My experts were surrounding me when we discussed these matters. Some ideas were raised, were proposed, were developed, and being back home we will examine them and see how we can realize them. I am sure that your ambassador in Brussels will come and see me and we will work our formulae in order to improve the bilateral relations, economically and politically. This in a nutshell what I found here, why I came here and what I have to tell you at this occasion. Now, I am at your disposal.

[Moribane] My name is (Samuel Moribane) from BOPA. [Botswana Press Agency] Mr Minister, it will appear that your country has not had...[change of thought] shown serious interest in Africa, that is, to mean that it will appear that your country has not regarded Africa as an area of political importance which

is signified by the fact that you are the first Belgian foreign minister to visit this subcontinent. Is your visit to Botswana now, does it signify the revival of interest in Africa?

[Tindemans] Not revival. The past being the past, let me say that in the past Belgium was concentrating on a certain area in Africa. Well, in that document I just mentioned, we said if some African states want to have preferential relations with us we are disposed to develop them, but it must come from them. We will not impose a policy because that would be neocolonialism, and we want to deal with independent, sovereign states on that basis. But other African states came to see us and said: Why don't you do more with us? You have the knowledge of Africa, you are no imperialist, you are rather small, but not withstanding a highly industrialized country with certain possibilities. Why don't you do it? Second place, does that mean that we do a little bit all over Africa and nothing serious or substantial in certain African countries? No. I think that the situation has changed. Some years ago it was mainly development, cooperation for development, let me say it in that way. And the means, financial means exist, but they are limited.

There are new possibilities. You can have economic relations, you can have commercial relations, you can have relations in the field of cooperation for development, you can have cultural relations, you can have political relations. And there are new international possibilities. If the World Bank is proposing projects for your country, well it is possible that Belgium has its share or participates. You know, there is a trilateral formula with the World Bank that another country can be involved in the implementation of a project. So, there are many more possibilities now than there were 20 years ago, and you must see the Belgian attitude of diversification in that framework. So, we are not rediscovering. We are trying to have a rational, a serious, or shall I say, objective new African policy, and in that framework we come to other African countries where before we didn't come or with which we have no specific relations.

[Ndaba] Batshane Ndaba is my name, from BOTSWANA DAILY NEWS. You said your country is interested in establishing relations with a liberated Africa, and you know very well that a few countries in southern Africa are not yet free: South Africa and Namibia. What specific contributions does your country make to liberation movements in order to gain political independence in these two countries?

[Tinemans] Well, for Namibia I told you already what is the fundamental attitude of Belgium. We are for a sovereign and independent Namibia. We are members of the Council for Namibia created in the framework of the 10, you know, there is political cooperation, not only an economic one, in Europe with the European community, but the 10 have also a political cooperation. We do what we can in order to obtain the independence of Namibia. We do what we can.

For South Africa, also at the United Nations we are against apartheid. We condemn apartheid, we cannot accept apartheid as a policy. It is against our principles. We do not, well, of course we live in Belgium in an open economy. Freedom is one of our principles. That means that if Belgians want to establish themselves in South Africa, they can do so. We cannot forbid or exclude

such a possibility, but it is at their own risks. There is no state help, there is no subsidy, there is nothing even for investors also. When they do it, it is their own sake, its their own risk. There is no official help nor state intervention and so on. We try to respect that code of good conduct and if enterprises are trading with South Africa, we control them, we see if they are respecting that code of good conduct. I could enumerate all the measures we took and all the resolutions we approved at the United Nations, in the Belgian parliament and so on. That is our general attitude.

We don't take economic sanctions not because for political reasons or because we want to give especial help, but because we do not believe in the efficiency of economic sanctions. In the prewar period already that is our idea.

[sentence as heard] When the war broke out between Italy and Ethiopia, the League of Nations in that period decided to apply economic sanctions. They were never applied and the day afterward other countries were already doing what was officially forbidden. With the Falklands crisis when, you remember, the 10 were meeting in the framework of the political cooperation in Europe and we decided together, not individually, together, to take economic sanctions against Argentina, the Government of Argentina, it didn't even last 1 month. After a couple of weeks, some of the member states left the common decision of the 10, and it couldn't work. Immediately other ones were already trading with Argentina and selling the things we refused to do at the beginning.

If I may give another example to what happened with Nicaragua. The whole world protested when the United States took economic sanctions against Nicaragua. So, that's our attitude, but we don't encourage it, we don't give state help or subsidies or covering it, insuring it also. It's at the own risks of the Belgians who do it. That is our general attitude.

[Ndaba] Honorable minister, I am sorry I am going to request you to be more specific. Does your country support liberation movements fighting for independence in South Africa?

[Tindemans] No. We are against violence in general. In general against violence. We are, as I told you, against apartheid. We can't accept that distinction that is bound in South Africa, but in general even it is always a problem for us when at the United Nations, for instance, in a draft resolution violence is encouraged then we abstain. [sentence as heard] We are against violence in general in the world.

[Guro] I am (Roger Guro). I would like the minister to sort of clarify. I am getting a bit confused. I want to know actually who the aggressor is between the liberation movements and the South African regime. Whether it could be maybe the liberation movement, which starts the violence, which the minister condemns, or the very regime. Well, you know, because I have been thinking the liberation movements are sort of just retaliating. Maybe I am wrong. I don't know.

[Tindemans] We condemned the violent acts that took place in South Africa by the South African police forces and so on. We, the 10, and Belgium was one of the member states. On Monday, when we heard on Sunday what had taken place in

Uitenhage, immediately the day afterward we protested all together. We are against violence in general. Not only from liberation movements, but in general we cannot approve that attitude and what happened. So, that is the first answer to your question.

The second answer is very often difficult for us, very difficult for a country like Belgium, we have no intelligence service, we have no spies to have an exact knowledge of what is behind a liberation movement. Shall I quote names? Guerrilla movements in Angola or guerrilla movements in Mozambique. Who is, shall I say, furnishing the weapons? Where do the ideas come from? Who is behind all that? As we have no serious knowledge nor fundamental knowledge of all that, we are following it and that makes it extremely difficult for us to take officially a stand in favor of this or against that concerning these movements. We are not living here. It is the first time I am in Botswana, for instance. So, it is difficult for us to have a clear knowledge of what is exactly going on. But we are against violence, we are for free, sovereign African countries.

[Unidentified reporter] My question now is about the EEC markets. Perhaps even the minister, our minister, can comment about it. Are you satisfied about the terms, particularly the levy policy with regard to the entry of African products, like meat, into the EEC? Are you satisfied these are fair, or could they be improved?

[Tindemans] Well, we are discussing that in Europe also, but common agricultural policy in itself is a big success notwithstanding the fact that we are producing in the dairy sector surpluses for which there is no buyer, no consumer at this moment and it costs a lot of money. But you will remember that in the prewar period, in the 30's, with the economic crisis of the 30's every European country was practicing protectionism. It was terrific. I made a PHD on that period and that protectionist policy, especially in agriculture. Every member state was subsidizing its agriculture. There were contingents [quotas] to import, and they stopped when they thought that the national market was satisfied. You have no idea how far the organization went. One of the Belgium's neighbors, for instance, even had a law organizing the number of chickens you could have on a farm. It went so far. You have no idea what it was protectionism in that period. So, during the war, hunger was general in Europe. I was a boy. I lived through that period, and you cannot imagine what it is living under occupation, military occupation.

During the postwar period, there were still shortages, but bit by bit then, [as heard] and when we organized the Common Market, West Germany had more experience in the field of exports of industrial products than France. France was asking for a common market also for agriculture. So, they put it together, and we started with a common agriculture policy. In itself it was a big advantage because even if there is protectionism now, it is less than in the prewar period, and I am convinced that if we abolish tomorrow the common agriculture policy immediately, all the member states will practice again a national protectionist policy. The danger is greater if we change substantially. What happened, for instance, already now it is that a year ago the Germans again were asking for subsidies for the agriculture in Bavaria, notwithstanding the

fact that they were insisting on more budgetary discipline, saying that the common agriculture policy was too expensive. They were the first then to take again and to ask for national measures. That is the situation.

Let me say it now. We have a problem with farmers also in some of the member states. Small farms, family farms, that it is called [as heard]. If you open totally the market it is not only for you, but it is for the whole world, and you probably know that there are difficulties in agriculture in the United States. Thus, a new export drive will be organized. So, the fact is, can we organize a little bit that market in the world with arrangements? What can be done by Africa, what can be done by Western Europe, what can be done by the United States in order to avoid clashes and a real trade war? That is the tragic situation at this moment. With the economic crisis and unemployment these elements make the situation still more difficult. So, we try in the ACP [African, Caribbean and the Pacific countries] to open more and more the market in Europe for agriculture policy, but as the production of meat and dairy products is greater than the consumption in Europe, there is a kind of regulation at this moment. How long it will last, I don't know.

There is already a kind of antagonism between some member states who industrialized totally their agriculture and the other ones who are in favor of the family farm as a social element in the economy and in the social life. So, as far as I know, your contingent was enhanced during the last negotiations. I mentioned it yesterday at (?noon) in my speech, but there are still levies for some agricultural products. That is part of the system, I must admit it. That is a long explanation to declare, to explain, how we came to that situation. Agriculture is a problem all over the world.

May I tell you a joke? It happens in the Soviet Union, and a small boy is doing his homework at night under the lamp, and his father sees that he worried, he has some problems. The boy is thinking and he must have a problem he cannot solve. And the father says, my son is something wrong? And the son says, no father. He says, father is it true that the whole world will become communist? And the father thinks, the schoolmaster must have said that to him. I must be very cautious. And the father said, yes, my son. The whole world will become communist. The son thinks for 30 seconds and then says to his father, father if the whole world becomes communist, where will we buy our wheat? [laughter]

You see, agriculture is a problem all over the whole world and there can be growth, there can be decreases. There can be...[change of thought] it is organized all over the world. We tried to have less protectionism, but there is still.

[Unidentified reporter] I wanted to find out. Yesterday you visited the Botswana Meat Commission and what comments do you have about our hygienic and safety standards and also about our handling capacity at the abattoir?

[Tindemans] I must say I was greatly impressed by what I saw. The abattoir in Brussels is not as modern and as industrialized and mechanized as the one you have there. I was much impressed, I must say it. And the way you handle all

the products, the result of the slaughtering, let me say, that it is well impressive and my idea, but here I am...[change of thought] I didn't come here as a kind of schoolmaster saying, well this is good, that's wrong, you have to do this or that. You are intelligent, hard-working people. My compatriots told me that, and I could see it myself. But that can be the nucleus, the center, the beginning of a huge industrialization. I think that even we discussed it this morning with the minister of industry. I think that chemical industries or pharmaceutical can be further developed by what you are doing there, and so it can be the basis of a real industrial area. I was much impressed.

CSO: 3600/17

POLITICAL

BELGIUM

PSC'S DEPREZ ON RELATIONS WITH FDF, FEDERALISM, ELECTIONS

Brussels LE SOIR in French 23 May 85 p 2

[Interview with PSC President Deprez by Janine Claeys, Guy Duplat, and Natalie Mattheiem; date and place not specified]

[Text] Recently, the president of the PSC [Walloon Social Christian Party], has clearly had to absorb a number of serious blows. The political truce observed in connection with the visit of the pope did not prevent the president of the PRL [Walloon Liberal Party], the president of the Christian teachers association, and even the FDF [Francophone Democratic Front] from attacking the PSC, at times rather sharply. So, has Gerard Deprez been left standing alone?

Quite to the contrary, Deprez seems more dynamic than ever and is trying to play a conciliatory role, while warning the FDF and the PRL.

He will not be a candidate in Brussels in the next elections. He wants a "real and serious" budget for the 1986 fiscal year. He still hopes to establish a political alliance with the FDF. He does not consider the proposed audiovisual law a matter for priority consideration.

These are just a few phrases which could be significant factors before December 1985.

[Question] How do your negotiations with the FDF stand now?

[Answer] (Long silence). I am somewhat embarrassed, because there are things which can only succeed on the basis of discretion and loyalty. However, for the past 5 weeks many meetings have taken place in a favorable climate, even though the difficulties in the way of doing something together are still very great. On the PSC side we have carefully refrained from any attack or any

untimely actions concerning the FDF recently. The Brussels branch of the PSC has even deliberately postponed its conference in order to avoid interfering with the negotiations.

[Question] Are the initiative taken by Clerfayt and his new plan for Brussels examples of "untimely actions"?

[Answer] No one has sent me a copy of this plan. I am afraid that it has been largely improvised and that it will not facilitate the rallying of centrist political figures in Brussels. Such a plan surprised me because, as far as I am aware, all of the French-speaking parties, including the FDF, are committed to a common platform on Brussels and the neighboring area. Over the last few years the outlook of the people of Brussels has changed, which explains the decline of the FDF. However, some of its leaders perhaps have not yet realized this.

[Question] But isn't it paradoxical to see a party made up of many supporters of a unitary state--Deputy Prime Minister Nothomb, for example--negotiating with the strongest supporters of federalism, such as the FDF and Gendebien, the apostle of Walloon separatism?

We Are All Federalists

[Answer] We don't have supporters of the unitary state and federalists in our ranks. We are all federalists. However, whenever the distribution of resources is decentralized, we also want to see a strengthening of the structures of national union.

[Question] But what about Gendebien?

[Answer] The RW [Walloon Rally] was an important political force, equivalent in strength to the PSC. However, for some time past the voters have refused to support its views. I would not like to see a situation arise where those who at one time represented an important current of public opinion would now be treated like political delinquents.

[Question] But have they changed their views?

[Answer] The voters have judged them. If they are ready to join in our efforts, we are ready to begin to march with them, but not on the basis of their former ideas.

[Question] You have abolished factionalism within the PSC. Was this intended to make the party a "catch all"?

[Answer] We have recreated the spirit of consensus and unity in the party. On these solid foundations we can now allow certain people or certain groups to be free to oppose our ideas with their own.

[Question] Are you referring to the SeP [Solidarity and Participation]?

[Answer] That is true for RW [Walloon Rally] voters and for the people of Brussels. And when certain representatives of social organizations have recovered from their juvenile attitudes, they will be able to see us in a way which is no longer like the one which some people have described to them. We are ready to discuss matters and to bring opposing views together. When the discussion is over, the party will decide.

[Question] But by eventually working with a party like the FDF, you will become a pluralist type of party. For example, what will happen to your stand on abortion?

[Answer] That is a problem for the free exercise of the consciences of the members of Parliament. There is no question of party discipline on so essential a matter.

What Is a Mercenary?

[Question] But what will happen if people in the FDF like Risopoulos, who reportedly have gone over to your party, should introduce legislation for the decriminalization of abortion?

[Answer] We will avoid taking action which would result in a collision with our partners. We will ask them to do the same thing. However, if it is necessary to vote on legislation presented by third parties, each member of Parliament will enjoy freedom of conscience.

[Question] Let's talk about education. Aren't you quite isolated in your refusal to organize education on a communal basis?

[Answer] We have three reasons for opposing education organized on a communal basis. We do not want to continue the dismemberment of the state without creating machinery for integrating the country. The organization of education on a communal basis also means that the socialists will be able to control private education and impose a single form of schooling, whereas we are for freedom of choice. Finally, the statistics are clear. The Ministry of the Budget has sent them to me. If we organize education on a communal basis, in accordance with tax returns, as everyone in Flanders wants to do, the French speaking community will lose 9 billion Belgian francs and 9,000 jobs in our schools.

[Question] So, whatever happens, you are opposed to organizing education on a communal basis?

[Answer] If they can show me that we will have more guarantees for the freedom of education and more financial resources for the French-speaking community, we will be ready to support it.

[Question] You said that the president of the Christian teachers organization was acting like a mercenary for the Flemish cause when he accepted the idea of organizing education on a communal basis, even under rigidly limited conditions. Maystadt said the same thing at your last party congress. Is he also a mercenary?

[Answer] I didn't say he was a mercenary. I am astonished to see that people who find all ideas coming from Flanders hateful in principle should accept in a fatalistic way this Flemish idea of organizing education on a communal basis. Regarding Maystadt, he presented his views and then the party congress made its decision. That is not the same thing.

[Question] Will there be negotiations between the communities after the elections?

[Answer] First of all, we have to complete the reforms approved in 1980-81. We are asking a few hotheads not to press for a decision. However, it will be necessary to discuss the balanced treatment now provided in Brussels. It would be impossible for a government to take office if it does not provide Brussels with financial resources and with possibilities for economic expansion in such form as to enable it to meet its commitments.

The Monopoly of the PRL [Walloon Liberal Party]

[Question] Will you be a candidate in the elections in Brussels?

[Answer] I am not a candidate. I am giving priority to my commitment to Europe and to my district in the Walloon part of Brabant Province.

[Question] The president of the PRL has just attacked you again regarding the taxpayer's charter. Don't you think that public opinion is tired of this petty kind of squabbling with the PRL, to the tune of "I Don't Love You Any More"?

[Answer] We put a stop to our quarreling a few months ago. I note that squabbles of this kind have again emerged in the PRL. This party wants to have a monopoly over fiscal matters. I really want to hear their views but I also want to be able to say what we think in this area. There can't be any area reserved only to the PRL.

[Question] But you are quite isolated. You have no contact with the PS [Socialist Party]. You have rejected the idea of forming a new party alliance and you are opposed to the PRL. You risk standing alone.

[Answer] We are not at war with the PRL. There has just been this latest skirmish, which I don't understand. We are clear in our own minds. We make our views public. I would suggest that the PRL is not a party of duplicity. If this party is ready to ally itself with the PS, let it say so!

[Question] There are still a few other problems to be resolved before the elections: would these include the budget and the audiovisual law?

[Answer] Certain people--in all of the political parties--are tempted to bypass the budget obstacle in a shameful and timid way. Our budgetary situation and our public debt situation require decisions to be made. Fear of elections will not produce any results. For the fiscal 1986 budget we will propose changes in certain structural aspects, such as adding to the capital of certain publicly-owned companies. Regarding the audiovisual law, I don't think that this is a priority objective. It is not necessary for the government to close off the debate too quickly by imposing limits on discussion. Today freedom of information exists. It is not necessary to set up new monopolies. Parliamentary debate should be the occasion to discuss all of that.

5170

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POLITICAL

BELGIUM

VAN MIERT ON CHANGING TRENDS IN FLEMISH ELECTORATE

Brussels LE SOIR in French 1, 2 Jun 85 pp 1,2

[Article by Karel Van Miert, president of the SP: "A New Step."]

[Text] There was a time in the Flemish country when the balance of power between the political forces was remarkably stable. That stability was protected by an unchanging situation, namely, the unquestioned predominance of the CVP, [Social Christian party (Flemish)] which far outstripped the other political parties in the fields of organization, leadership, and influence, as well as electoral support. Moreover, the whole organization of this party and its parallel structures were aimed at maintaining and developing its power. Drastic retaliatory measures were unhesitatingly taken each time that power or those established positions were challenged. Thus, for a long time it was practically impossible for a member of the teaching staff in private [Roman Catholic] schools to show any political sympathy for any party at all, other than the CVP. Likewise, the farmer who had the audacity to reject the yoke of the Boerenbond [the farmers' federation] showed a temerity which proved disastrous to more than one of them.

But even in Flanders times do change. Of course, the CVP still largely dominates the political terrain there. And, although during the post-war period the CVP majority gradually declined to some 32 percent in 1981, its thirst for power remains more demanding than ever. Thus, with the reprehensible complicity of the PVV, [Party for Freedom and Progress (Flemish)] the CVP has managed to occupy three-fourths of the leading positions in the Flemish administration. Tribunals and courts of justice in Flanders are made up at the rate of 80 percent, and more, of judges and magistrates nominated by the CVP. This list could go on indefinitely. Recently, in order once again to make a resounding demonstration of the fact that the state was, in the first place, the CVP's private domain, the designation of the new governor of eastern Flanders was quite shamelessly allowed to drag on for nine months. Everyone agreed that this post should go to a Flemish socialist and that minister Marc Galle, the candidate proposed by the SP, [Socialist Party (Flemish)] filled all the requirements for that post. Despite everything, the CVP rejected this candidacy through quibbling and a wish to demonstrate its own power.

Nevertheless Flemish society is evolving, slowly but surely, and the power structure the CVP built for itself is beginning to crumble. It is becoming increasingly clear that the fundamental point the CVP has relied on in order to establish its empire, namely that each Christian must necessarily vote CVP, is collapsing. More and more believers [Christians] justly reject this restraint. They claim their right as democrats to express their political preferences on the basis of their own analysis and conviction. First the VU [People's Union (Flemish)] and then the PVV [Party for Freedom and Progress (Flemish)] were, one after the other, able to profit from this evolution.

During these past few years this trend has also become favorable to the SP [Socialist Party (Flemish)]. The fact that the SP has undergone its rejuvenation treatment and has become modernized and more receptive to new trends has unquestionably contributed to this change. Thus, a phenomenon which for a long time had already emerged within most of the other European democracies has now reached Flanders: progressive believers [Christians] sympathize with and are joining democratic socialism.

The first results of this policy emerged during the communal elections, when the famous "doorbraaklijsten" were instituted in several Flemish communes. Progressive candidates not affiliated with the SP party appeared on these "breakthrough slates" [listes de percee]. Likewise, during the European parliamentary elections last year, Jef Ulburghs, the progressive priest from Limburg, was elected on the SP list.

Today we are facing a new stage in this evolution. For some time now, discontent has been spreading within the Christian worker movement. This discontent is mainly the result of the fact that leaders of this movement persist in allowing the CVP alone to monopolize their representation at the political level. These members of the Christian worker movement rightly consider it increasingly unacceptable that their leaders' support should maintain a government which pursues a policy about which the least that could be said is that, first of all, it does not defend workers' interests. These people are currently seeking a means of political expression permitting them to assert their disagreement with that policy.

It is within this context that a number of militants of the ACW [General Workers' Federation] came together in what they call the PAKS [Progressive Agreement Between Christians and Socialists] movement. They then turned to the SP [Socialist Party (Flemish)] with a view to seeking some form of cooperation. The SP leadership correctly believed it should respond favorably to this request. Thus, an agreement to cooperate was reached, according to which the PAKS candidates will appear on the open lists of the SP for the next legislative elections. This cooperation constitutes a new step in a process which should lead to the formation of a progressive political majority. Thus, the PAKS explicitly wishes to break CVP's monopoly as a representative element for the ACW. During the next elections the PAKS, with the SP, wishes to overturn the current government coalition. Contrary to the SeP [Solidarity and Participation] in Wallonia, the PAKS does not aim at forming a new political party. It wishes to work as an autonomous group to form a front of progressives.

Moreover, the SP wishes to respect completely the individuality of the PAKS movement. Thus, besides a broad identity of views concerning social, economic, and societal policy, a few areas remain where sensitive views might differ. I am thinking here, for example, of ethical problems. In these areas the SP will obviously continue to defend in all clarity its own views.

However that may be, this is a new and important step taken in the right direction. It is carried out in perfect clarity and on the basis of an honest agreement. This has nothing to do with renegades nor with the transfer of persons passing, bag and baggage (and constituency), from one party to the other. It takes place on the basis of mutual respect and tolerance for each other's religious or philosophical convictions. It does not operate to the detriment of non-believers and free-thinkers, but in favor of democratic and progressive forces. And during the years to come the joining together of these forces will be all the more necessary.

9772

CSO: 3619/73

POLITICAL

CYPRUS

GREECE URGED TO ACT AFTER ELECTIONS

NC091006 Nicosia I SIMERINI in Greek 9 Jun 85 p 1

[Editorial: "Time Is Awasting"]

[Excerpts] Greek election fever has abated and oratory has ended. Political life has regained its normal rhythm while two main developments have merged:

1. New Democracy no longer questions the legality of President Khristos Sartzetakis' election.
2. The severe pre-election political crisis in Greece is gradually abating with Papandreou now able to form self-supporting government. The KKE has failed in its attempt to gain a controlling position, and Greece is being led toward becoming a two-party state.

Papandreou's hands are now free and he can proceed, as he promised, to defend and support national issues with determination. Yet, in Cyprus, we have a continuing serious and dramatic national crisis. This state of affairs is exacerbated and assisted by the lack of any mobility on the Cyprus issue. As a result, the Greek prime minister is faced with an extremely grave problem.

Papandreou cannot always ignore and underestimate the explosive character of the Cypriot crisis, for the following reasons:

1. The Turks are waiting--despita Osal's recent threats--to see how Papandreou will deal with Greek-Turkish affairs and the Cyprus issue. They are waiting to judge his determination, while continuing to promote faits accomplis in Cyprus.
2. The Americans are watching all the moves of the Greek prime minister with controlled optimism. They are waiting for his policy statement. They want to witness his changed position translated into action, namely, that from now on there will be "calm waters" in his relations with the West.
3. The United States and the EC, particularly Britain and West Germany, want the Greeks to inform them about what will take place in the near future, particularly with regard to the Cyprus issue.

The time within which the Greek side will define exactly what it wants is of a vast political significance. After today's "presidential" elections in the occupied areas, it is certain that there will be a new Perez de Cuellar move on the Cyprus issue in his efforts to revive his initiative. It is estimated that this will take place in July. There is not much time. Will our side continue to demonstrate the paralytic inactivity it has followed to date?

Cyprus and Greece must act. They will be unable to do anything, however, as long as the fire which rages on our domestic front continues to burn and is fed with new fuel. There are only two solutions available: Either Spiros Kiprianou will at long last form a national unity government today, or he will have to resort to the polls. He cannot continue forever to underestimate everyone, and he cannot continue treating everyone as if he were Louis XIV.

Kiprianou's sun has set. He must now realize what every citizen understands: The political leaders must now collectively assume their responsibilities on the Cyprus issue in an admirable concord of view with Athens. Time is being wasted at our own expense. If time is not utilized correctly then the knells of doom will once again ring. While the Turks devour us leaf by leaf like a head of lettuce, it will be questionable if our own leaders will have time to chew the cud of national shame.

CSO: 3521/271

POLITICAL

CYPRUS

AKEL URGES PRESIDENT TO COMPLY WITH RESOLUTION

NC090909 Nicosia KHARAVYI in Greek 9 Jun 85 p 8

[AKEL resolution approved during a rally in Nicosia on 7 June and addressed to President Spiros Kiprianou]

[Text] Mr President, the AKEL Pan-Cypriot Rally, held today, 7 June, at ELEVtheria Square in Nicosia, after hearing the address by Secretary General Ezekias Papaioannou on Cypriot developments and on the situation on the domestic front, submits to you the following:

1. It expresses to you its strongest concern over the deadlock and stagnation into which the Cyprus issue has fallen after the failure of last January's summit meeting. The summit meeting failed because of Turkish intransigence and the undermining role of U.S. imperialism, as well as because of your incorrect actions.
2. It also expresses its strongest concern over the fragmentation of the domestic front which is the result of your own actions and policy, and which is specifically the result of the unilateral abrogation of democratic cooperation and your contempt toward the resolution and decisions of the House of Representatives.
3. It calls upon you, Mr President, to respect and accept the health principle of democracy for the implementation of the majority's will as expressed in the resolution and decision of the House of Representatives, dated 22 February and 29 March 1985 respectively, as well as the principle of collective decisionmaking on the Cyprus issue.
4. Provided that, for any given reason, you believe that you are unable to accept the resolution and decision of the House of Representatives, we urge you to resort to the people's will by declaring presidential elections so that the people may be given the opportunity to decide on their own future.

CSO: 3521/271

POLITICAL

CYPRUS

COMMENTS ON TRNC ELECTIONS FROM RIGHT, LEFT

Decisions Urged

NC110725 Nicosia I SIMERINI in Greek 11 Jun 85 p 3

[From the "Problems and Views" column: "We and Denktas"]

[Text] Rauf Denktas won a crashing victory in the "election" held in the occupied areas--as was to be expected--and he was re-elected "president." For us in the free areas, all of these things, the "election" as well as its result, their "state," and their "president," are considered illegal.

All of these things, however, do not stop having political importance which we cannot ignore. Perhaps Denktas as president may be illegal, but the 70 percent of the vote which he won makes him the undisputed leader of the Turkish Cypriots. Even if we deduct 10 percent of the vote which represents the Turkish colonists, it means that 60 percent of the Turkish Cypriots want Denktas to be their representative.

At the same time there can be no allegations about an adulterated or forged "election," from the point of view of organization. Before the election was held, Denktas' main opponent, Osker Ozgur, emphatically stated during a news conference in the presence of Greek Cypriot journalists, that the "election" was being held in total freedom and in a democratic spirit.

There was only one way to challenge the almighty power of Denktas: for his opponents to refuse to run against him, thus demonstrating their refusal to cooperate in partitionist actions. Denktas would then have been elected unopposed, but there would have been no proof of his power and authority. The shadow of doubt would have fallen heavily upon his personal prestige and upon his policies and his moves to implement them.

Now, the picture presented abroad is that Denktas' words and deeds have the support of the majority of the Turkish Cypriots. He can thus bind them, not only those who voted for him, but also the others who having played his game are now forced to accept the outcome. The conclusion is that now Denktas emerges stronger against us. This is not so much due to his own success, but rather due to our own failure to present a unified domestic front.

Events in Cyprus are, perhaps, unprecedented for international developments. Illegality strengthens its position and authority by formally using democratic methods and processes while legality is weakened because it is wrangling over whether to implement the most basic democratic principle, that of majority rule.

Very soon, the United Nations and the third powers which are interested in the Cyprus issue, will once again begin their efforts toward the promotion of a solution. Will we wait to give Denktas the opportunity to use his newly acquired power and to push us into a corner? Or will we, at long last, decide to protect and armor ourselves effectively so that we may be able to deal with him?

U.S. Accused of Encouraging Denktas

NC120829 Nicosia KHARAVYI in Greek 12 Jun 85 p 3

[From the "Views and Comments" column: "The United States Encourages the Denktas Partitionist Actions"]

[Text] The statement by the U.S. State Department spokesman on the conduct of the illegal "presidential elections" in occupied North Cyprus encourages and abets Denktas in his new feats accomplis. In reality such statements are a ratification of the secessionist, partitionist acts by Ankara and the chauvinist Turkish Cypriot leaders and demonstrate a contempt toward the UN Security Council resolutions.

Rather than unreservedly condemning the so-called "presidential elections," the U.S. State Department spokesman lauds the propaganda assurances by Denktas that he will work toward a lasting solution to the Cyprus problem through the establishment of a federal republic!

It appears that the U.S. spokesman wants to ignore the fact that the favorite tactic of feats accomplis pursued by Denktas undermines the good offices mission entrusted to the UN secretary general by the UN Security Council, as well as the secretary general's initiatives for a permanent and just solution to the Cyprus issue based on the relevant UN resolutions.

The U.S. diplomat's statements must also be viewed from a different light: There are numerous and clear indications that the Levkoniko airfield and the Kyrenia harbor, which is under construction, are destined to be bases from which the U.S. Rapid Deployment Force can launch attacks and raids. These facilities will be better safeguarded if the feats accomplis and the partition of Cyprus became permanent. It appears that Washington is providing clear assurances through Ankara that it will not react to any further secessionist actions by Denktas. This also explains the ease with which Denktas proceeds, unhindered, toward the final partition of Cyprus, and his exploitation of President Spiros Kiprianou's mishandling of the situation.

CSO: 3521/271

POLITICAL

CYPRUS

GDR REAFFIRMS SUPPORT FOR FAIR, VIABLE SOLUTION

NC111646 Nicosia Domestic Service in Greek 1500 GMT 11 Jun 85

[Text] The GDR reaffirmed support for Cyprus and expressed opposition to unilateral and partitionist actions and the obstacles raised by the Turkish which block the way of a fair and viable Cyprus solution. These GDR positions were put forward by Erich Honecker, GDR chairman of the State Council, to the new Cypriot Ambassador Mikhail Sierifis during a private meeting following the latter's presentation of his credentials. Honecker also expressed GDR support for the UN secretary general's continuing initiative and for the Cyprus government's efforts to seek a solution. Honecker added: The resolution to the Cyprus issue must be based on the UN resolutions and must safeguard a nonaligned, demilitarized, united, independent, and sovereign Cyprus. In conclusion, Honecker favored the withdrawal of foreign troops from Cyprus and the removal of the foreign bases from the island.

Sierifis also met with Willi Stoph, chairman of the Council of Ministers, and Foreign Minister Oskar Fischer.

CSO: 3521/271

POLITICAL

CYPRUS

BRIEFS

PRAVDA ARTICLE LAUDED--Answering a question today on a recent PRAVDA article concerning Cyprus, the government spokesman lauded the position it expressed. The article came out in support of the independence, sovereignty, territorial integrity, and nonaligned character of Cyprus. The spokesman had particular praise for its unreserved condemnation of partitionist actions. [Text]
[Nicosia Domestic Service in Greek 1030 GMT 4 Jun 85 NC]

CSO: 3521/271

POLITICAL

DENMARK

BRIEFS

AID TO NICARAGUA ALLOCATED--The last portion--15 million kroner--of the Danish grant to Nicaragua will now be spent on a regional project to further the production of fruits and vegetables in the country. After the civil war, a total amount of 45 million kroner was granted by way of Danish aid to Nicaragua. The 15 million kroner are the last portion of that amount, and, in the future, the cooperation between Nicaragua and Denmark will concentrate on aid by way of loans. [Text] [Copenhagen AKTUELT in Danish 29 May 85 p 16] 7262

CSO: 3613/157

POLITICAL

FINLAND

POLLS' RESULTS DIFFER: CONSERVATIVES AHEAD OF SDP IN ONE

M Organization Finds Conservatives Ahead

Helsinki HELSINGIN SANOMAT in Finnish 4 Jun 85 p 9

[Article: "Only One-Third Still Supports Left Wing"]

[Text] According to an opinion poll conducted by the M-Data Center, left-wing party support has declined to its lowest level in the entire postwar period.

According to the poll conducted in April-May, left-wing parties are supported by 34.7 percent of the Finns. Support for the SDP has fallen off to 23.3 percent and support for the SKDL [Finnish People's Democratic League] to 11.4 percent.

At the same time the Conservative Party has become the largest party with respect to support and has surpassed the Social Democrats with a popularity rating of 23.6 percent according to the study made public on Monday. According to the M-Data Center poll, support for non-socialist parties is 65.3 percent.

Support for the Greens has increased to 9.3 percent in that the Greens and others received 4.8 percent of the support in the municipal elections and 1.5 percent in the 1983 parliamentary elections.

Center Party Surpasses Social Democrats

Respondents were also asked about their attitude toward the composition of the next government and how important the participation of various parties is in the next government. In this comparison the Center Party surpassed the SDP, which has previously held the number one position.

According to the poll, 33 percent of the respondents consider the participation of the Center Party in the next government to be very important and 36 percent rather important.

The figures for the SDP are 32 percent and 35 percent or a total of 2-percent-age points less than the Center Party. Third place continues to be held by the Conservative Party, whose participation in the next government is considered to be very important by 21 percent of the respondents and rather important by 32 percent.

The M-Data Center's poll was conducted between the dates of 22 April and 22 May. Interviews were held with 1,261 eligible voters over the age of 18. The interviews make up a representative sampling of the whole country's voting age population except for the Aland Archipelago.

A Drastic Decline for the Left Wing

The reduction of support for the socialist parties has been drastic since they still received 40.7 percent of the votes in the 1983 parliamentary elections. Their support has never been less than 40 percent in parliamentary elections while it is now 34.7 percent according to the poll.

The decline in support for the SKDL has continued. Compared with the parliamentary elections its support has fallen off by 2.6 percent and compared with the municipal elections it has dropped by 2.4 percent.

In the 1976 elections the SKDL received 18.5 percent of the votes and in the 1980 elections 16.6 percent. The SKDL's relative share of the votes in the 1950 and 1953 elections was 23.0 and 23.1 percent.

The SDP has also lost support according to the poll. Its percentage point drop from the previous parliamentary elections is 3.4 percent and 1.4 percent from the municipal elections. The SDP's relative support was at its highest in the parliamentary elections of 1972 when it received 27.1 percent of the votes.

Conservative Party Has Grown

The Conservative Party has continued to increase its support according to the M-Data Center's study. It is now the country's largest party with a support rating of 23.6 percent, which compared with the parliament elections is the highest support figure the party has received so far.

The Conservative Party's support has increased 1.5 percent since the 1983 parliamentary elections and 0.7 percent since last fall's municipal elections.

The Center Party received a 17.3-percent support rating in the opinion poll and its member organization, the LKP [Liberal People's Party] received a 0.5-percent support rating. In the last parliamentary elections the Center Party received 16.6 percent of the votes and the LKP 1.0 percent and in last fall's municipal elections the figures were 18.9 and 1.3 percent respectively.

Support for the Finnish Rural Party increased to 7.5 percent from the 5.3 percent in the municipal elections according to the poll. It, however, continues to be 2.2 percentage points less than in the last parliamentary elections.

Support for the Swedish People's Party declined a full one-fifth from the parliamentary elections as well as from the municipal elections. Since it received 4.9 percent of the votes in both elections, its support is now 3.9 percent according to the poll.

Support for the Christian League has remained the same at 3.0 percent. Support for the Constitutionalist Right Wing Party, for its part, declined from 0.4 percent to 0.2 percent.

Greens on the Rise

The Greens, who have forcefully entered national politics in this decade, receive a support rating of 9.3 percent according to M-Data Center's poll. Their support ratings have been measured at 6--7 percent in some other earlier polls.

The fact that 31 percent of the respondents consider the Greens' participation in the next government to be very important also speaks to the increased support for the Greens. This figure is only 1-percentage point less than those who consider the participation of the SMP [Finnish Rural Party], which is now in the government, to be very important. The presence of the RKP [Swedish People's Party] in the next government was considered very or rather important by 34 percent of the respondents.

The participation of the SKDL, which is now in opposition, in the next government is considered to be very important by 12 percent and rather important by 23 percent of the respondents.

Gallup Puts SDP in Front

Helsinki HELSINGIN SANOMAT in Finnish 5 Jun 85 p 2

[Article: "Finnish Gallup Studied Political Stands and Goals of Citizens, Peace, Equality, and Greens Losing Fascination"]

[Text] Finns have moved a little more to the right than a year ago. Equality and peace hold a lesser interest. The Greens are losing the power of their enchantment. These were the results of a Finnish Gallup study, by which the political views and goals of the Finns were explained.

In presenting the study on Tuesday Assistant Director Leila Lotti of Finnish Gallup estimated that the Finns are at a kind of turning point; values are changing, but not dramatically.

Lotti could not say with certainty in which direction we are going, but she suspected that neoconservatism is becoming stronger.

Politics still do not particularly interest the Finns according to the inquiry made by Finnish Gallup. There was more interest in politics a year than now. The most indifference was observed in the study among supporters of the Social Democrats, Greens, and the Rural Party while, on the other hand, SKDL supporters have become more active.

There were signs of new life in political participation according to the poll. There is slightly greater participation in meetings than a year ago.

According to the study, the Finns are as ready as a year ago to protest, sign appeals, and participate in demonstration marches; the atmosphere of protest is not on the rise, but it is not decreasing either. The most enthusiastic protest marchers are the SKDL's supporters and the Greens, says the study.

It also presents the argument that the Finns have turned slightly more to the right since a year ago, Center Party and Conservative Party supporters, in particular, have slid to the right. The right wing winds have not affected the SDP's and SKDL's supporters according to the study.

In evaluating the political atmosphere Finnish Gallup has observed signs of a decline in the popularity of so-called soft values. The environment continues to be valued, but peace and equality are being replaced by such values as maintaining the standard of living, international competitiveness, and education.

Assistant Director Lotti stated that competitiveness was not considered to be any kind of an important objective in a similar study conducted last year.

Fascination With Greens Decreased

The study also indicates that the trend for people to turn inward and to deal with individual issues continues to become more prevalent; personal relations and philosophical considerations interest people more than general issues.

Finnish Gallup also studied social differences and conflicts and found that the most conflicts continued to exist between environmentalists and industrial decision makers, the rich and the poor, as well as between politicians and citizens although the conflict between politicians and the people is on the decline. The people interviewed by Finnish Gallup did not see as much antagonism between employers and employees, for example, as between politicians and the people.

According to the opinion poll, the Greens do not appeal to the people as forcefully as they did a year ago. While only 10 percent of those interviewed adopted a negative attitude toward the Greens last year, 17 percent took a negative position in April.

Finnish Gallup studied the attitude of Finns toward politics in April of this year and the questions were the same as in a similar poll conducted a year ago. The number of people interviewed was 935 voting age Finns. The sampling was nationwide and the research was conducted by Gallup itself.

Gallup's Results Show SDP as Largest Party

Finnish Gallup also studied party support by interviewing 1,818 voting age Finns, among whom 26 percent did not declare any party affiliation and were thus dropped from the study.

According to the poll, the Social Democrats still make up Finland's largest party with a support rating of 25.2 percent. This is better than in the municipal elections, but weaker than in the parliamentary elections a year ago.

The poll shows a continuing downward trend for the SKDL. The support percentage for it obtained by Gallup was 11.9.

SUPPORT FOR POLITICAL PARTIES

	Finnish Gallup April- May-85	M-Data Center April- May-85	Municipal Elections 1984	Parliamentary Elections 1983
SDP	25.2	23.3	24.8	26.7
SKDL	11.9	11.4	13.9	13.4
Conservative Party	22.7	23.6	23.0	22.1
Center Party/Liberals	19.9	17.8	20.3	17.6
Finnish Rural Party	6.2	7.5	5.3	9.7
Swedish People's Party	4.7	3.9	5.1	4.9
Finnish Christian League	3.4	3.0	3.0	3.0
Constitutionalist Right Wing Party	0.6	0.2	0.4	0.4
Greens	5.4	9.3	2.9	2.0
Others	--	--	1.3	0.1

Total left-wing support at this time is 37.1 percent according to Finnish Gallup.

The poll shows a 22.7-percent support rating for the Conservative Party, which is slightly weaker than in the municipal elections, but better than in the parliamentary elections. An upswing from the bottom of the wave in the municipal elections is shown for the Rural Party. The Greens spurted to more than 5 percent according to Finnish Gallup.

The results of the poll conducted by Finnish Gallup itself differed significantly from a similar poll conducted by the M-Data Center, which was made public on Monday.

According to the M-Data Center, the Conservative Party has become the country's largest party with a support rating of 23.6 percent leaving the Social Democrats with 23.3 percent.

Also the M-Data Center found more supporters for the Greens than Finnish Gallup did. Of the 1,261 people interviewed by the M-Data Center, 9.3 percent supported the Greens.

Gallup's researchers explained the conflicting results by the fact that opinions fluctuate more now than when preparations for elections are in progress. There are many variable factors among the Greens according to them and they are rather concentrated with respect to area. Individual municipalities could have had an effect on the results, assess the researchers.

Polls Confirm Lefts' Decline

Helsinki HELSINGIN SANOMAT in Finnish 5 Jun 85 p 2

[Editorial: "Left Wing Declining, Bourgeoisie Advancing"]

[Text] The results of two recent opinion polls differ from each other significantly, but the direction indicated by them with respect to party support since the parliamentary elections a couple years ago is convergent. The left wing continues to decline and the bourgeoisie is on the rise.

The few tenths of a percentage point lead given to the Conservative Party by the M-Data Center with respect to the Social Democrats has already been interpreted as a fundamental change. Gallup, for its part, measured the difference as 2.5 percent in favor of the Social Democrats, but in both polls it is confirmed that Social Democratic support is declining and Conservative Party support is increasing. This is naturally essential and not which party is leading by a few tenths of a percent. But the Conservative Party's rise to the position of the country's largest party if even by a hair would, indeed, emphasize the continuing absurdity of its position of opposition.

In fact, such polls have correctly measured left-wing and bourgeois support for many years. Social Democratic policy has been ideologically "diluted" to such a degree that an actual left-wing platform is only the objective of the extreme left wing. The Conservative Party, for its part, has approved new applications. It is being said abroad that the Finns are taking good care of their national interests. This management of national interests is in an exceptional situation from the point of view of the bourgeoisie in that among the large parties only the SKP is having problems in its relations with the East.

There should not be any "overall reason" for a government alternative -- which changes in party support would accelerate -- because of foreign policy. There must first be a crossing of the Long Bridge in another direction sooner or later.

The government's artificial limb -- the SMP -- receives a reasonable amount of support so that it will continue to survive, but its participation in government will depend, as is known, on other factors. The rise of the Greens will not at least at this time have any significance from the point of view of a government alternative.

There is also, of course, some air in the Conservative Party's support figures since this support is partially protest oriented and not given just on the basis of ability. Thus the frustration of the vast majority of the people from one election to another is a serious factor increasing political uncertainty. Thus the emphasis on the need for a government alternative does not reflect the desire to rule on the part of one party, but it is also a question of the functioning ability of governmental power and democracy. This was emphasized during Kekkonen's term already.

The ever more probable confrontation of the Social Democrats and the Conservative Party in the next elections will, however, be just as undesirable as a political division. In this sense the fact that the Center Party has maintained high figures in both polls and the emphasis on its presence in government are signs which indicate and balance out opportunities.

Results Gladden Conservatives' Congress

Helsinki HELSINGIN SANOMAT in Finnish 6 Jun 85 p 2

[Editorial: "Conservative Party Already Aiming at Next Elections"]

[Text] The Conservative Party, which has already begun its 20th consecutive year in opposition, will convene over the weekend at its regular party congress in a more tranquil atmosphere than 2 years ago in Lahti. No one has appeared to challenge Chairman Ilkka Suominen this time. Even otherwise, the party seems to be frustrated with sharpening its opposition policy and has reconciled itself to waiting for the next parliamentary elections.

Having lived through a period of self-assessment for 2 years without any results after the election victory, Suominen promised those attending the Lahti congress that he knows how to learn from the past and believes that he has found the correct tone for an opposition policy. In retrospect, Suominen promised too much. The policy line did, indeed, become more resolute and the language tougher, but the finding of the correct tone has turned out to be problematical. At times the party leadership has succumbed to street language and at times it has publicly given low marks to the government in a style that has later been conceded to be a failure.

The growing similarity of the parties and the consensus spirit of the government have narrowed the room for movement in a relevant opposition policy. It has been difficult for the Conservative Party to beat the drum of opposition against such governments which it itself has demanded. If the SDP has been compelled to compromise its leftist profile in government participation and responsibility, the Conservative Party has distanced itself far to the center from European conservatism in demonstrating its suitability to govern over the years. Similarity is only emphasized by the fact that as an individual Ilkka Suominen would appear to fit the role of a government minister much better than an opposition leader.

At the Turku meeting the Conservative Party will strive to initiate a debate on the national wage and will demand that commerce and industry break off economic ties with South Africa. The party's program document "A Conservative Finland 2000" is pretty much on the same wave length with respect to its basic tuning as the SDP's document on its new platform. There is reason to doubt that there will be a very animated debate on this and other questions of content at the congress. Personality questions will probably prevail once again even though no new challengers to Suominen have appeared after MP Pertti Salo-lainen. Instead of criticizing the chairman, the emphasis will be on whether the Conservative Party should have three vice-chairmen instead of two.

Support for the Conservative Party has remained around 22-23 percent according to the polls. In light of the general development of attitudes, it could very well be on the increase, which one would think would encourage the Conservative Party to raise its ideological profile. The right wing has strengthened its support significantly in recent years in the other Nordic countries: in Norway it is in the government with a third of the votes and even in Sweden the support figures for the moderate Conservatives are around 30 percent.

Frustrated with the eternal nature and futility of its opposition policy, the Conservative Party seems to have quietly reconciled itself to the fact that the path to government can only be travelled by strengthening the party's parliamentary power. The Conservative Party's government objectives have in practice been postponed until after the parliamentary elections to be held 2 years from now.

Suominen has carefully built his party's foreign policy profile in demonstrating that talk about "general reasons" as an obstacle to the suitability of the Conservative Party to govern is more hollow than before. Therefore, he has kept criticism of foreign policy and the president outside of the party's opposition policy.

At a recent meeting of the party council in the spring Suominen directed a warning about "rushing" into a decision regarding his own presidential candidacy. Even though the presentation of a Conservative candidate in the election is "desirable" in Suominen's opinion, he prudently labelled the initiation of a discussion on this matter as premature at this congress.

10576

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POLITICAL

GREECE

NO 'NEW' POLICIES, PERSONS EXPECTED FROM PASOK

Athens I KATHIMERINI in Greek 8 Jun 85 p 7

[Editorial: "Same Flavor... and... Some Other Things..."]

[Excerpts] The "new" 19-member--instead of the 10-member one announced after the elections--Council of Ministers which took oath last Wednesday is not...new. All its members had been members of the previous government. And almost all of them--with perhaps one or two exceptions--bear the stigma of failure in their own specific sectors.

Thus, if the composition of the "new" government reveals anything, it is that the PASOK does not possess any reserves of cadres. It is using the same old cadres who were tried and found wanting, and who, at any rate, are "worn out" and used up.

There will not be any "new members" or any "new" policies. The same policies, or, rather, "non-policies" will continue, since the government in power from October 1981 does not have, and never did have, a specific and carefully planned program in any sector. In the same way that it does not have, and never did, any "policy" or any "ideology."

There are various "tendencies" and various "ideologies" within the PASOK, allowed by its leadership to confront and destroy each other, while it continues to plan day by day, using as the sole criterion and the sole goal the preservation of its power.

Nothing new or nothing different can be expected from the party, or rather the group, that governs us. Not only because of the negative turn taken by various elements and circumstances that used to favor the PASOK during the initial phase of its government, but also because of attrition and internal dissent, both on a personal and programmatic level.

From this point of view, it is worth noting the exclusion from the present government of a number of ministers and deputy ministers in the previous government (Mangakis, Skoularikis, Giannopoulos, Katsifaras, Intzes, Kapsis, Zakolikos), who were also considered to be leaders of the "movement" (if not even the "praetorian" guard of the leader), as well as the unexpected treatment of others--unexpected in the sense that if, on the one hand, they were included in the new government, their positions are significantly less important than the ones they themselves expected.

What are the motives and the criteria for such moves? Failure, lack of ability, low productivity and undignified behavior, or internal competition and "a settling of accounts?"

Apparently, a combination of the two in most cases. And because one special exclusion caused particular surprise (especially to the excluded person himself), this case teaches that anyone who achieves "importance" liable to "overshadow" the leader is subjected to capitis deminutio, no matter how much a "friend" or "trusted confidant" he may be, because the sole authority of the leader must be absolute. Let the persons concerned take note and beware....

In addition, it seems that in the--positive and negative--choices for the composition of the new government, the prime minister's close entourage, formed by members of his family and by two or three "close collaborators" and members of the party apparatus, played the main role.

CSO: 3521/268

POLITICAL

GREECE

SOVIET DIPLOMAT'S DISAPPEARANCE: AMBASSADOR RECALLED TO MOSCOW

Athens I KATHIMERINI in Greek 12 Jun 85 p 1

[Text] Igor Andropov, the Soviet ambassador to Greece, left suddenly for Moscow last week, probably because of the Sergei Bokhan affair; the disappearance of the first secretary of the USSR Embassy in Athens was communicated to the Ministry of Foreign Affairs on 27 May, according to well informed circles.

Diplomatic sources from Eastern Bloc countries categorically maintain that Mr Bokhan has defected to the West, characterizing the incident as a "very heavy blow," given the fact that because of his position, Mr Bokhan was familiar with the secrets of the Soviet Embassy.

The assessments, according to which Mr Bokhan has defected, are reinforced by the fact that his family was urgently taken back to the Soviet Union; moreover, the usually communicative diplomats in the embassy are avoiding any contact and any public appearances.

In spite of the movements noted in connection with the Bokhan affair, it has not been ascertained whether the Soviet diplomat is still in Athens or whether he has defected to the intelligence services of the United States or of Great Britain.

Absolutely reliable sources noted yesterday that two agents of the Soviet intelligence services (KGB or GRU) arrived last week in Athens carrying diplomatic passports in order to investigate the conditions under which Mr Bokhan "disappeared."

The names of the two Soviets were not disclosed, but Greek security authorities are aware of their arrival and are closely--albeit discreetly--monitoring their movements, well-informed sources point out.

CSO: 3521/272

POLITICAL

GREECE

CENTER SEEN DISAPPEARING FROM NATIONAL POLITICS

Athens KYRIAKATIKI ELEVHEROTYPIA in Greek 12 May 85 p 40

/Article by Panos Loukakos: "Multi-Selective Parties and Lack of Dialogue"/

/Excerpts/ We did an injustice to Mikhail Stefanidis, the vice president of the Chamber of Deputies and the spiritual father of the "theory of the identical." We did him an injustice because when he boldly argued that a blue and a white ballot are identical we thought he was being arbitrary. Yet he was not. He was simply a few weeks ahead of his time. Today the Stefanidis theory of the identical has been borne out and is, moreover, gaining ground throughout the political spectrum.

Mitsotakis' Right is identical with Protopapas' Democratic Socialism. Papandreou's socialism is identical with Psaroudakis' Christianity. PASOK and ND are identical in their lavish promises and plans for a future paradise. The country's major and real problems have neither right nor left solutions. They have identical solutions: an increase in social benefits of all kinds and a reduction in all forms of tax burdens.

So, these days, each of us sees from his vantage point an identical electoral campaign being waged on an identical political stage--a political campaign which is apolitical, listless, without nerve, without arguments and without substance. Yet, this phenomenon is not strange. Instead it should be expected. It is the inevitable outcome of all the distortions and contradictions of the Greek political life--past and present.

So we see Zigdis who received only 0.28 percent in the Euroelection (16,652 votes) and Psaroudakis who received 0.45 percent (26,339 votes)--a total of 0.73--to be partners in PASOK. And KODISO /Party of Democratic Socialism/, which received 0.79 percent (46,825 votes), to be a partner of ND. This is the famous "Battle of the Center" in figures and percentages. What battle? What center?

The Center--as it developed before the dictatorship and as it appears today in the small groups--is already a notion historically obsolete. Prior to 1976 the Center expressed opposition to the arbitrary actions of the monarchy, opposition to the watertight compartments of political life, and posed the question, "Who governs"? It also expressed the requests of a large section of

our people to heal the wounds of the civil war, end the persecutions, suspend the extraordinary police measures, dissolve the para-state organizations, and push aside the police state. This was the political profile of the Center prior to the dictatorship, a profile which gave it tremendous popular appeal since it represented a genuine response to existing facts of that period.

The pre-1967 political framework changed after the collapse of the dictatorship; but the leadership of the Center groups did not adjust to the new realities, nor did they seek a different political aim that would justify their existence. A new, modern Center Party never made its appearance. Thus, ND and PASOK became multi-selective parties and inherited the garments of the Center. ND got most of the known cadres, and PASOK, especially since 1981, most of the voters. In this process, men who had fanatically fought the Right in the past found themselves in its ranks, while in PASOK came others who had as much relation to socialism as white has to blue.

In this confusion, in this political distortion, it is difficult indeed for PASOK and ND to articulate a specific political line. If A. Papandreou tries to satisfy his Left popular base, he will push away his conservative voters. If Mitsotakis, who also comes from the Center, adopts a centrist policy he will alienate the traditional rightist voters of his party. This is the reason why we see an absence of political arguments and political reasoning in this election.

This is the reason why the campaign focuses on promises, tax exemptions, shorter military service, cheaper automobiles, salary and pension increases, hirings by the state and all the other inventions of the orators' balconies. Because, should anyone move on to speak on the issues he is destined to displease either his voters from the Right or those from the Left. Inevitably he will have losses in a contest which is so marginal.

Today both major parties are multi-selective, and therefore politically speechless. For this reason, instead of speaking on the issues, they distribute all kinds of goodies to everyone, aware that if they speak on the issues they are in danger of losing their present supporters as each supporter has his own image of the party, which is not always a reflection of its reality. At least until the 2nd of June this image must remain intact.

7520

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POLITICAL

GREECE

PERSONALITY CONFLICTS IN STRANGELY INACTIVE NEW GOVERNMENT

Athens I KATHIMERINI in Greek 6 Jun 85 pp 1,3

[Text] The strange enforced inactivity Mr. Papandreou is imposing on his new government until the middle of July is already "compounded" by a fierce struggle within the party, whose object is the capture of "key-positions," which points to an endless continuation of the PASOK's ineffectuality in facing up to the fundamental problems that confront the nation and Greek society. The emergence of these facts that have already become apparent with the forming of the PASOK's "temporary" government, which was formed and sworn in yesterday, reinforces the view expressed the day before yesterday by the leader of the official opposition, Mr. Kon. Mitsotakis, that the government will not complete its four-year term because it is unable to deal with the existing problems. And it is quite significant that a) Mr. Koutsogiorgas, who insisted on taking over the Ministry of Public Order also, could not be found until noon, and b) when Mr. Papandreou spoke yesterday to the members of the Council of Ministers and was presumably answering Mr. Mitsotakis' pertinent declaration, he avoided saying that the four-year term would be completed and was content to speak of the new government's "prospective long life."

It should be noted that, aside from the leader of the New Democracy, the secretary general of the KKE, Mr. Kh. Florakis, had already expressed a similar view, on the very night of the elections, and he spoke, in fact, of new elections within six months or a year.

The government that was sworn in yesterday is not only temporary but constitutes an obviously conciliatory solution to the fierce intraparty struggle which broke out the morning of the day before yesterday and went on till yesterday noon. As was to be expected, the government gave no explanation as to what went on during that period of time, which began with Mr. Papandreou's perfectly clear statement as he spoke on Tuesday at noon about a Council of Ministers consisting of 10 members, eventually with one member more or less, and ended with his announcing that the new Council of Ministers would number 19 members.

But apart from a probable intraparty struggle, a second particularly interesting point can be inferred from the composition of the Council of Ministers: two figures stand out now, distinctly different from other PASOK personalities. Mr. Tsokhatzopoulos, who as minister to the prime minister was

appointed first class minister by a resolution of Mr. Papandreou published yesterday. Mr. Laliotis, who by remaining outside of government officially becomes the head of the PASOK's party machinery.

Political observers, taking into account the decisive role the PASOK's machinery plays in setting as well as implementing its policy, concluded that the rise of those two high officials of the governing party, with the clear predominance of Mr. Laliotis which could moreover be seen during the preelection period, means that the party's dogmatic elements will prevail. If this is further confirmed by a restructuring of the council of ministers which, as has already been announced, will be done through a law parliament will vote on in July, it is predicted that it will have a direct impact on the PASOK government's inherent inability to function, which is expected to worsen.

Mr. Koutsogiorgas

Mr. Koutsogiorgas is the one who appears to have significantly lost ground in the government. Furthermore, the Koutsogiorgas issue was at the heart of the intraparty struggle which erupted around the composition of the temporary government. Mr. Koutsogiorgas' waning might have been viewed as a positive development, had this meant also that the PASOK, in beginning its second four-year term, was renouncing the "Koutsogiorgas style." But nothing of the sort is apparent. Quite the opposite, in fact, since the PASOK, through the mouth of its premier, has shown its determination to pursue the tactics of disorienting public opinion.

Intraparty Struggle

As far as the intraparty struggle which erupted in the PASOK around the composition of government is concerned, press information mentioned the following:

Bids for power from both "party" and "government" officials were at the heart of the problem. The struggle emerged with Mr. Koutsogiorgas' attempt to take over the areas of the Interior and Public Order. The matter was discussed at numerous meetings and work sessions Mr. Papandreou had with his close entourage. And it was finally settled with the total predominance of the party members. Who, through Messrs. Laliotis and Tsokhatzopoulos, control both the party and the government.

The fact that Mr. Tsouras (who was secretary general of the Ministry of the Interior up to now) was made a minister also reflects the way in which party members dominate.

In speaking yesterday to journalists upon taking up his duties, with obvious bitterness but also with some hope of eventually getting Mr. Papandreou to change his mind, Mr. Koutsogiorgas said that the idea of merging the two ministries is not a new one and that it is being reexamined by a commission which takes its directives from the premier.

Mr. Papandreou's efforts at achieving balance are reflected, furthermore, in the near doubling of the members of the "temporary" government. It is

characteristic of the criteria which prevailed that Mrs. Mercouri owes the continuation of her ministry to the "Athens, Cultural Capital of Europe" events.

Avoiding causing displeasure also forced Mr. Papandreou to take over the Ministry of Northern Greece as well, in which he used neither Mr. V. Intzes nor Mr. Papathemelis.

While local balance again required making use of Mr. Varivakis (Cretan) and Mr. Akritidis (from Northern Greece).

And A Resignation

The first resignation of the...second four-year term occurred yesterday after the announcement about the members of the "temporary" government. The secretary general of the Ministry to the President, Mr. Mantzouranis, tendered his resignation. Press information mentions that the reason for his resignation was the humiliation of the heretofore first class minister to the president, Mr. Lazaris, by Mr. A. Tsokhatzopoulos, the minister to the prime minister, who was given precedence over the members of the Council of Ministers by a resolution of the premier.

12278

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POLITICAL

GREECE

KKE PROTESTS GOVERNMENT TELEPHONE TAPPING

Athens | KATHIMERINI in Greek 28 May 85 p 1

/Excerpts/ An illegal wire-tapping operation involving the telephones of the Communist Party was uncovered in Salonica. The case was sent by the city's public prosecutor to a regular investigator. This reveals the existence of illegal processes manipulated by the governing party with wide political repercussions.

The disclosure, in the last week before the election, supported by specific data, is, according to political observers, a blow to the government which has based its campaign on the alleged dangers inherent in the return of the pre-dictatorship Right.

Regarding this issue KKE's Press Office issued the following release:

"A wire-tapping operation was discovered in Salonica, involving the telephones of the party offices, electoral centers, and cadres of the KKE Salonica party organization, as well as those of KKE Deputy D. Sakhinis. The wire tapping was carried through the Greek Telecommunications Organization /OTE/."

The disclosure was made and verified in the presence of Salonica Chief Prosecutor Irakleidis.

This event creates a serious problem of democratic propriety. Regardless of the course of the judicial inquiry, the government is called to take a direct position on this specific problem and disclose how it plans to assure the privacy of the Communist Party's telephone communications. It must also announce what measures it will take to severely punish those directly responsible and those who are behind them.

The Disclosure

The telephones of most KKE cadres in Salonica and those of KKE Deputy D. Sakhinis and the party's electoral centers were tapped.

The uncovering of the wire tapping followed an anonymous telephone call from an OTE employee to the KKE headquarters. The tip was checked out and it was verified that the KKE telephones were tapped in the northwest suburbs of Salonica, Ano, Kato Toumba, Triandria, Peraia, etc. According to technical experts the technique used was tandem connections.

The party brought charges and the Salonica Chief Prosecutor K. Irakleidis conducted an initial investigation and then referred the case to the lower court judge for regular investigation.

The Wire Tapping

The tapping could be done from any telephone in the city. Because of the tandem connection, one had only to change by five figures the second figure in the number and he could tap into the desired telephone line. For example, in the areas having a call number 92, one only had to dial 97 to tap in. Chief Prosecutor Irakleidis verified the wire tapping by dialing the number of Deputy Sakhinis.

The tapping could be done from any telephone including the telephones of the PASOK party offices.

Following the verification of the wire tapping, the chief prosecutor contacted the OTE director in charge of this area who confirmed the tandem connection of the second circuits, but he offered the explanation that this was done "to enrich the lines."

7520

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POLITICAL

GREECE

PEOPLE'S POLITICAL IMMATURITY BEMOANED

Athens POLITIKA THEMATA in Greek 24-30 May 85 p 50

[Editorial: "Greeks, Shame on You!"]

[Excerpts] How mature is our people? The question is asked once again in light of some manifestations, preferences and tolerance on his part. This is a question that leads to some very unflattering conclusions, even for those who want or can openly face a situation. Someday, somehow, this people must understand its guilt and accept its responsibilities.

A "newspaper"—we have termed it "written pollution"—started a campaign against Mr Mitsotakis by publishing a photograph given to its leadership from above in order to maintain, after 40 years, that Mitsotakis had collaborated with the Nazis! Forty years later! And it was not a truth that was being revealed, even belatedly. It was a fabrication, made to wound.

It is not the story that is important here. It is the violation of moral standards. Because this is what a segment of our people rewarded by buying the newspaper boosting its circulation, in the process, to unprecedented numbers. Thus the AVRIANI, this printed offense, this calumny of reporting, this defamation of the publishing profession, became the first newspaper in Athens, of the city that is getting ready to celebrate its choice as "the cultural capital of the world!"

Who is responsible for this? Ask the simple, common man-in-the-street who never bought the newspaper before, but did it now because it knows "how to insult." When the newspaper TO VIMA is hungrily occupying the very lowest position in the circulation of Athens newspapers, when the I KATHIMERINI is struggling to maintain its traditional dignity and the I AVGI is last in circulation, the AVRIANI, which knows "how to insult," is at the top. Who is responsible for that?

Let us take another example: Andreas Papandreou is talking from the balcony that harkens back to Roman majesty. He says nothing about the important problems afflicting the country. Nothing. Not a word about NATO. Not a mention of Greek-American relations. Nothing about the bases, about the Europe of the monopolies and the multinationals, about Cyprus, about Turkey, about NATO. He only insults his opponents, often going beyond the most elementary dignity. And his men remain silent, and the audience applauds, even when he is openly lying. Is this maturity? Is this maturity when the people shout "long live Karamanlis" one moment, only to switch to "long live Sartzetakis" the next?

We mentioned Karamanlis. When he flew back to his country, did we all come down into the streets to welcome him back, yes or no? When he was taking the first measures for the reinstatement of democracy, did we all fill up Syndagma Square to applaud him? When he organized the referendum "to finally settle" our regime, did we all celebrate until the morning hours? When he organized the 1974 and 1977 elections, did we praise him to high heaven? When he signed at the Zappeion our entrance into the European Community, did we proclaim him our savior? When he became president of Greece, did we regard him as unique and irreplaceable?

How, then, did we permit the destruction of the struggles, the agonizing and the efforts of this persistent creator and how did we allow him to depart in silence? And how do we now applaud the constitutional changes of Mr Papandreou and of the lymphatic President Sartzetakis?

Much more can be said about all this: for example, the correct, fundamentally honest position adopted toward his followers by Leonidas Kyrkos in opposition to the KKE logic, a position which left him outside the Chamber of Deputies, while rewarding the other KKE with 13 unknowns. All these data show that our people has changed. Drugged by hate and fanaticism, it rewards those who flatter him and promise him fraudulent paradises. And it rejects those who appeal to him to comprehend its obligations and responsibilities.

Is there anything more disillusioning than such a tendency in a given country?

CSO: 3521/268

POLITICAL

GREECE

BRIEFS

KKE-PASOK RELATIONS DETERIORATE FURTHER— The KKE characterizes the government's post-election attacks against it as spasmodic. In the announcement of the Central Committee's board discussing the results of the election, harsh language is used toward the PASOK, which is accused of having resorted to methods of psychological terrorism against leftists and of forging public opinion during the preelection period. Political observers comment on the emphasis put on the government's continuing spasmodic attacks against the KKE. At any rate, the fact that parliament regulations do not recognize the KKE as a party contributes to the further deterioration of its relations with the government. Parliament regulations state that for a party to be recognized, it must secure 10 percent of the votes or have at least 15 elected deputies. Hence, the KKE, with 9.87 percent of the votes and its 12 deputies, is not recognized. Regulations recognize only Mr. Khar. Florakis as the leader of a party because he also acted as leader in previous parliament sessions. Politically, this means that the KKE's right to intervene through its representatives in parliamentary debates is curtailed. Only when Mr. Florakis is present can he intervene as a party leader in any debate. Essentially, this discrimination means that the KKE will have to compensate by intensifying its activities outside of parliament, as Mr. Florakis emphasized on Sunday night. [Text] [Athens I KATHIMERINI in Greek 6 Jun 85 pp 1,3] 12278

ALBANIAN CULTURAL DELEGATION VISITS GREECE—Foreign diplomatic sources mentioned yesterday in Athens that an Albanian cultural delegation of three, headed by the president of the Academy of Sciences, Professor Alex Bounta, is expected to arrive in Athens on 12 June. The aim of this visit is the signing of an agreement with the Athens Academy, within the framework of developing cultural relations between the two nations. Still according to the same sources, the Albanian delegation is expected to have meetings with the competent officials to promote issues of interest to both sides. Well-informed sources stress that the Greek government is interested in establishing a chair of Greek language and literature, either at the Tirana university or at Argyrokastron, with a Greek professor. According to existing information, the Tirana government does not appear inclined to agree to the installation of a Greek professor even if the principle of mutuality is strictly adhered to. [Text] [Athens I KATHIMERINI in Greek 6 Jun 85 p 1] 12278

PAK FLAG REPORTED--Some red flags with a yellow star suddenly appeared in the PASOK rally in Salonica, provoking a series of questions, both among PASOK followers and the TV audience. Let us explain it to you in a few words: this flag was designed in 1970 for the first time and was used, again for the first time, in 1971 by the "Friends of the PASOK" organization at their meeting in Western Europe. The creator of the PAK [Panhellenic Liberation Movement] flag was the present secretary general for press and information, Sotiris Kostopoulos, then a student residing in Switzerland. The flag had been presented at the time with a text written by him, which referred to the flag as a symbol of the national liberation struggle of the Greek people against U.S. hegemony and also as a symbol of the class struggle that Andreas Papandreou was simultaneously proclaiming. Now, you will ask: "O.K., but how did they remember it now?" It was not the first time. It had been used before, apparently by the same persons, nostalgic about the past, at the Syndagma Square rally in 1974. The slogan had been "socialism on the eighteenth." It seems that there are still some persons wishing to remind the PASOK leader of his... roots! [Text] [Athens ENA in Greek 30 May 85 p 14]

CSO: 3521/268

POLITICAL

ICELAND

PEOPLE'S ALLIANCE CHAIRMAN SVAVAR GESTSSON ON PARTY RIFT

Reykjavik MORGUNBLADID in Icelandic 18 May 85 p 9

[Commentary by Staksteinar: "The People's Alliance in Crisis"]

[Text] Viewers were informed on television programs this week about the crisis in the People's Alliance while party chairman Svavar Gestsson attempted to show by catchwords, pompousness and various sleights of hand besides that the crisis is not in the People's Alliance Party but rather within the labor movement. There is no doubt that Svavar Gestsson looks upon the labor movement as a burden for himself and for his party since people ought to follow the infallible party leadership. It would be fair for television to provide Asmundur Stefansson, chairman of the National [Labor] Association, with equal time to answer the boastful statements of Gestsson.

Gestsson on Television

The program on which Svavar Gestsson, chairman of the People's Alliance Party, appeared last Tuesday evening was extremely informative, as such programs go. The primary reason for this may have been that the interviewers, Pall Magnusson and Elias Snaeland Jonsson, were well prepared and did not allow Gestsson to lead the discussion astray. It emerged clearly from the conversation of the two interviewers with Gestsson that Gestsson is in a difficult position both within his party and without on account of how little popularity it enjoys. Svavar Gestsson, however, was entirely in disagreement with the statement that the causes of the problems of the People's Alliance are to be sought in the party leadership, or with himself. People should rather look at the labor movement to find the culprit. Gestsson repeated again and again the statement that the labor movement is in difficulty, that there is tension within it and that since the People's Alliance is a labor party it too is in difficulty. The conclusion may be drawn from this statement that whether or not the People's Alliance will perish will depend upon what happens in the labor movement. It is noteworthy in and of itself to hear the chairman of the People's Alliance disclaiming all responsibility for the position of his party and casting the blame instead on the shoulders of the labor leaders, but, as is known, the customary leadership of the People's Alliance in labor matters has tried to

make the party and its hardliners hold back from proclaiming to the masses the tidings of Communist world revolution in the hopes of gaining more support.

It is symptomatic of the image that Svavar Gestsson would now let us have of the People's Alliance, after ministerial socialism and the yearning for ministerial office has long dominated--and still dominates--that the party chairman sat in shirt sleeves in an interview with television people taking place in the Althing chambers. There are strong political forces within the People's Alliance that judge a radical by how he dresses. Svavar Gestsson has hopefully been successful in obtaining the support of these parties by appearing in shirt sleeves. On the other hand, it cannot be determined whether or not Gestsson was successful in bringing back into the party with his words those who have departed from the party in the past with public statements.

Wild Promises

In spite of everything that has happened and the dearly purchased experience that people have reaped from listening to propaganda to the effect that rigidity in wage agreements, threats made to businesses and strikes increase the purchasing power of wages. Svavar Gestsson held still in his interview to the well-beaten tracks of People's Alliance leaders by inciting people to stand strong together in solidarity. "Wages will increase through the solidarity of leftist forces!" said the party chairman. Such demagogery is seldom heard among Icelandic leftists. Purchasing power will increase only when national production increases, since only the creation of new value leads to improved living conditions. It is a fact, best proven by the appointment of Hjorleifur Guttormsson to be Icelandic Minister of Industries, that nothing is farther from the minds of leftist forces than increase of productive value formation. The doctrine of Svavar Gestsson that national production will increase through agreeing upon higher wages is totally untrue. Gestsson went on as if he was going to get complete control of the labor movement again. If it lies within the political vision of the People's Alliance for the labor movement to take up the policy offered by Svavar Gestsson then the danger is sure for both wage earners and employers.

Chairman in Difficulty

The interviewers obtained detailed statements about some things that will happen in a few days within the People's Alliance. They did not name their sources, but when Svavar Gestsson was in acute difficulty from the questioning he drew himself up and called those, who had informed the interviewers "Santa Clauses." We shall make no effort here to discover which of those in the People's Alliance Gestsson considers to be in the "Santa Claus Group" but it is worth recalling that Gestsson considers Throstur Olafsson, manager of DAGSBRUN to be his special friend while he has no such friendly feelings when the name of Olafur R. Grimsson is mentioned and the words of Grimsson, who is chairman of the Althing Members Association for World Order, are much quoted to the effect that the People's Alliance is in a crisis.

One of the major problems facing Gestsson is how to see to it that Olafur R. Grimsson is so positioned on the party's list of candidates for the next

elections that he will be assured an Althing seat. The choices here will be determined by how much the People's Alliance following decreases. One thing, however, is clear and that is that it is likely at the present moment that party Reykjanes representatives of the People's Alliance do not wish to have Grimsson on the list with them and the best he will probably do is the Reykjavik fourth position if the party chairman, a woman and a labor leader will receive preference as is customary in the People's Alliance.

There will be a People's Alliance party congress held in the fall and there will be an election of a chairman, among other things. Gestsson can serve for three more years according to Party regulations. However, it could happen in the party that Olafur Grimsson will feel it best to kill two birds with one stone to secure himself a safe seat on the Reykjavik list, that is, to be elected chairman and gain the first seat simultaneously.

9857

CSO: 3626/37

POLITICAL

ICELAND

ALTHING DEBATES, ADOPTS NUCLEAR ARMS RESOLUTION POLICY

Reykjavik MORGUNBLADID in Icelandic 24 May 85 p 32

[Text of Althing Resolution No 922 on Icelandic Disarmament Policy and Comments of Althing Members on the Resolution: "It Reaffirms and Leaves Unaltered the Current Policy"]

[Text] All parties supported the joint proposal which received 48 votes in favor:

1985-1986 (107th Legislative Assembly)--Item 496.

The Althing Meeting in Joint Session

Althing Resolution Proposal 922

On Icelandic Disarmament Policy:

The Althing resolves that there is a burning need for the peoples of the world, not just the nuclear powers, to make agreements on mutual, multilateral disarmament to be guaranteed through international oversight. The Althing also thinks it important that a considerable part of the enormous amount of money now spent on armaments be spent to help the poor nations of the world wherein tens of millions die every year from hunger and sickness.

The Althing will approve any proposal that emerges promoting an end to the vicious circle of the armaments race.

The Althing thus resolves to direct the government to support and encourage a universal ban with regard to research on nuclear weapons, their production and installation subject to secure supervision, and also a halt to the production of fissionable materials for military purposes and likewise to work towards an international agreement whereby there be regular annual reductions in stocks of nuclear weapons. This ban and

agreement on the reduction of nuclear weapons will be accomplished on a mutual basis so that the parties will be pleased with the ban and agreement and trust in them. This will be accomplished in cooperation with international control agencies.

Every possible way will be sought to reduce tension and distrust between the peoples of the world, especially the world powers. The Althing thinks that Iceland should support such efforts always and in whatever form.

At the same time that the Althing reiterates the policy that no atomic weapons be positioned in Iceland, it encourages the investigation of ways to achieve agreement on and bases for agreements on a nuclear-free-zone in northern Europe, on the land, in the air and on the sea, or whatever relates to an agreement to reduce armaments and tension. The Althing requests the Foreign Affairs Committee, in consultation with the Icelandic Foreign Minister, to investigate possible Icelandic participation in further discussions on a nuclear-free-zone in the Nordic Countries and the committee should report to the Althing on this before 15 November, 1985.

The Althing also resolves to request the Security Affairs Committee, in consultation with the Minister of Foreign Affairs, to compile a report on current proposals on disarmament and the reduction of weapons, especially in so far as they regard Iceland with respect to the position of the country and its membership in international cooperation. Based upon such a report, an effort will be made to secure the cooperation of the political parties in the area of further, joint policy making in this area.

A joint session of the Althing approved yesterday, with 48 votes in favor, an Althing resolution on Icelandic disarmament policy. The proposal, discussed here, was presented by the Althing Foreign Affairs Committee. Representatives of all Althing parties on the committee supported it. The proposal combined parts of five proposals discussed by the Foreign Affairs Committee for Althing resolutions on positions on nuclear weapons and disarmament.

Foreign Minister Geir Hallgrímsson supports the proposal, which he said is based upon positions long supported by Iceland. First of all, the proposal reiterates the principle of "mutual, multilateral disarmament to be guaranteed through international oversight." The principle of mutual and of guaranteed oversight is the key item in the first article of the proposal. Secondly, the position on a freeze in nuclear armaments is tied in with mutual and international control. Thirdly, there is discussion of "investigations of ways" to achieve agreement on a nuclear-free-zone in northern Europe, on the

land, in the air and on the sea, and of investigation "in consultation with the Icelandic Foreign Minister of possible Icelandic participation in further discussions on a nuclear-free-zone in the Nordic Countries." The discussion here is connected with proposals for stronger mutual agreement on disarmament. Fourthly, the proposal reiterates the Icelandic policy that no nuclear weapons will be positioned in Iceland, except with the permission of the Icelandic Government. The proposal involves no change in this area. Fifthly, the Security Affairs Committee is charged with drawing up a report on current proposals on disarmament and the limitation of armaments, especially as the matter concerns Iceland.

Kjartan Johannsson (A) said only that the Althing had spoken on this matter and that all Althing parties were in agreement on one proposal in this area. A policy that has been followed in the past has been reiterated, namely that no nuclear weapons will be installed in Iceland. The resolution speaks specifically about Icelandic participation in discussions for a nuclear-free-zone both in northern Europe and in the Nordic Countries and provides for the gathering of proposals on disarmament and support for efforts to reduce armaments and decrease world tensions.

Johannsson emphasized those parts of the proposal speaking of mutual and guaranteed oversight.

Gudrun Agnarsdottir (SK) considered a noteworthy success to be in prospect through the solidarity of all Althing parties on an Althing disarmament policy. It seems, she said, that a compromise has taken place. People have moved towards one another. Representatives of the various points of view that stand behind the proposal interpret it in various ways, but she expressed the hope that they will observe moderation in this matter. An Althing resolution has not, to be sure, the force of law. Under discussion here is rather a moral injunction that ought to guarantee that nuclear weapons do not come into Icelandic jurisdictions.

Gudrun Helgadóttir (AB) was pleased with the proposal, especially the provisions that would ban nuclear weapons in Iceland as a formal Althing statement of will, provisions that apply, in her view, both to times of peace and to any possible times of war. The proposal was here in agreement with a proposal, which she supported regarding the same issue. She thanked the chairman of the Foreign Affairs Committee and other committee members for the proposal and their support.

Haraldur Olafsson (F) said that the proposal is a noteworthy event and marks a change: the agreement of all Althing parties on disarmament matters--and that in spite of the fact that the prospective Althing resolution will be understood in different ways. He thanked representatives on the Foreign Affairs Committee for an optimistic desire for agreement, something that determined the actions of the committee. Olafsson noted various articles of the proposal, among others the freeze of nuclear weapons and mutual disarmament under guaranteed oversight. We will have perhaps little real control in this area. We do have control, on the other hand, concerning what kinds of weapons are in Iceland. For this reason, the statement of the Althing's will that will merge will be a "moral position for the government" in its relations with

other countries. Alafsson noted also the report that will be drawn up on proposals in these areas, especially regarding Iceland encouraged the Althing parties to continue solidarity in disarmaments policy making.

Hjorleifur Guttormsson (AB) spoke in detail about the major provisions of the proposal. Although the proposal speaks of "mutual" the wording can also be construed to mean that the Althing supports any proposal that will be conducive to ending the vicious circle of the armaments race. There is also a ban in the proposal of the installation of nuclear weapons in Iceland without compromising the words that follow--"except with the permission of the Icelandic Government." Here is reiterated the principle that nuclear weapons will under no circumstances be allowed in Iceland. Guttormsson said that the People's Alliance was in favor of Althing solidarity in this weighty area.

Gudmundur Einarsson (BJ) said that there was exceptional agreement during the Althing session. He referred to the technological wonders of the present that allow a person to read the newspaper from Moscow at the same time it reaches the readers in Moscow through a satellite in the skies, although the rich countries do not like to see the pain in the eyes of the people of the Third World. People control the technology to destroy the world but not, on the other hand, as it appears, to eliminate poverty and injustice from the world. Mankind should use its intelligence in the interests of life and not death, said the MP. He considered the proposal, under discussion here, as a moral, policy-setting statement of the Althing's will.

Pall Petrusson (F) said much the same as other speakers on his support for the proposal. He also referred to Nordic cooperation, among other things, the cooperation of legislative committees, that might be achieved above all in foreign affairs. It is important to reiterate formally the Icelandic policy that nuclear weapons should never be installed in Iceland.

Prime Minister Steingrímur Hermannsson expressed his pleasure with the support for an important proposal. The proposal makes it possible for the members of the Althing to "speak the same language" in this important issue. The proposal is in accord with the policy of the government in that it states that nuclear weapons will not be installed in Iceland without the permission of the Icelandic Government. It is clear that Iceland will never make such a decision unless it is certain that a majority of the Althing is in favor.

The main emphasis of the proposal, the Prime Minister said, lies in seeking for every possible way to reduce tensions and distrust between peoples.

Ellert B. Schram (SJ) said that he was a cosponsor of the resolution, which embraces two things: that nuclear weapons will never be installed in Iceland and that Iceland take part in discussions for a Nordic nuclear-free-zone. Both issues are discussed in the compromise proposal. The compromise on the proposal shows, said Schram, that the parties are close together in some areas of disagreement, all in all.

Foreign Minister Geir Hallgrímsson spoke next and referred to his words reproduced above. He spoke a little about the possibilities of a limited

nuclear war. Such would be unrealistic. Nuclear war, which will hopefully never take place, will be a terror for all the people of the world. A defined nuclear-free-zone would have only limited influence if a nuclear war ever broke out. The possibility of such a zone should, however, be discussed and that discussion should be in connection with a more acceptable agreement on mutual disarmament.

The Foreign Minister said that the compromise proposal, which he supports, reiterates the existing policy, among other things, regarding a nuclear-free Iceland. He cited both the words of Eyjolfur Konrad Jonsson (SJ) and of the Prime Minister that Iceland cedes neither its sovereignty nor its rights of self defense in this regard. The Icelandic Government alone will judge and decide whether or not such weapons are to be brought into Iceland.

Hjorleifur Gettormsson (AB) said that nowhere in the proposal under discussion is there anything about any proposed permission of the Icelandic Government allowing nuclear weapons in Iceland. It has simply not been conceded that such is mentioned in the proposal. For this reason, it is not possible to allow the importing of nuclear weapons into Iceland, not even in times of emergency, without the permission of the Althing.

Pall Petursson (F) said that the facts of the matter are clear: 1) There are no nuclear weapons in Iceland; 2) The Government has made the policy clear now and again that there be no nuclear weapons in Iceland; 3) The Althing reiterates and confirms that policy; 4) The government is always responsible to the Althing; 5) A majority vote of the Althing is required if there is to be any change in this basic policy.

9847

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POLITICAL

ITALY

CRAXI CITED ON TALKS WITH POLISH LEADER

PM061443 Rome AVANTI in Italian 29 May 85 pp 1, 13

[Francesco GOZZANO Dispatch: "Human Rights Discussed in Warsaw with Jaruzelski"]

[Excerpts] Warsaw, 29 May--Today Craxi broached the subject of human rights observance in Poland with Jaruzelski, expressing the hope that the regime will display tolerance toward oppositionists. The conversation broached several aspects of bilateral relations between the two countries, EEC-CEMA relations, and the Polish domestic situation.

At the end of their conversation, which lasted over 2 hours, the prime minister released the following statement: "It was an interesting conversation. We examined the status of bilateral relations, which are being revived after some years of crisis--a crisis in our political relations which led to a decline in our trade relations. The evolution of the situation and the consequent decisions taken have made it possible to aim at a normalization of relations and therefore a resumption in an expensive direction, whose first significant signs are already apparent. For our part, we intend to explore the possibility of imparting a stronger thrust to our exchange, which is now still at an inadequate level and unbalanced in Poland's favor.

"We are also willing to discuss, in accordance with constructive formulas, the financial aspects of our cooperation in order to permit a positive development in the years ahead.

"I took the opportunity provided by the fact that Jaruzelski is CEMA duty chairman to explore the possibility of a substantial change of course in EEC-CEMA relations. The response was positive and political and diplomatic initiatives will be developed in this direction right away.

"The specific possibility of reaching a declaration of principles and intent establishing a framework for future relations of cooperation deserves our full attention and commitment and is of major importance. In the international context also, because it would constitute a further factor strengthening East-West relations, especially between East and West Europe.

"Though in no way intending to interfere in Poland's internal affairs or in its authorities' decisions," Craxi went on, "I acted as messenger for the strong sensitivity with which the Italian public and particularly the political and trade union world are following judicial proceedings affecting intellectuals and trade unionists, hoping that in all the most prominent current cases the Polish state will display an attitude of tolerance.

"On this specific point General Jaruzelski told me that in Poland nobody will be persecuted by justice for his political ideas, though prosecutions will be brought for crimes committed to the detriment of the country's economy. Since General Jaruzelski himself broached this issue," Craxi added, "I permitted myself to remind him how closely the international public, particularly Italy's public, is following Poland's affairs--not for the sake of any political maneuver but on account of a widespread feeling of friendship and a profound bond which many countries feel with Poland. I must add that I encountered in the Polish government leader a reflection of a particular feeling of friendship toward Italy and an awareness of the bond rooted in historical events which we both cited during our conversation.

"I hope," Craxi concluded, "~~that~~ on all the topics discussed in this rapid meeting the positive developments that we hope for can be achieved."

Last, Craxi announced that Jaruzelski invited him to pay an official visit to Poland.

CSO: 3528/75

LEFT, RIGHT AGREE ON MANY ISSUES DESPITE CAMPAIGN RHETORIC

Stockholm SVENSKA DAGBLADET in Swedish 8 May 85 p 2

[Commentary by Max Jakobsen: "Consensus Prevails in Norway"]

[Text] We know everything today about Lebanon's or Nicaragua's domestic politics, but our neighboring country Norway does not reach above the international news threshold. During a recent visit to that country, I was able to observe that a great many things were not exactly as I had pictured them.

The contrast between the nonsocialist coalition parties and the Labor Party is not as sharp as one might believe if one were trying to draw conclusions only from the public debate. The agreement on security policy that was reached a year ago seems to be holding firm.

It is true that the coalition parties are letting it be known that the Labor Party is not completely reliable, or at least is not solidly embracing the line jointly agreed on--a well-known state of affairs to us in Finland and to the Swedes. And perhaps the Treholt affair is also gnawing away below the surface at the agreement on foreign policy. But since the international climate has been moving in a more conciliatory direction, the parties will doubtless be unable to make security policy a main campaign issue.

And when I asked Gro Harlem Brundtland, the Labor Party's chairwoman, whether Norwegian security policy would change if her party won the parliamentary elections in September, she answered:

"Norway's security policy will not be altered. But a Labor Party government would work more actively than the Conservative government on behalf of disarmament talks in NATO circles. It would also work on behalf of a nuclear-free zone."

But still within the framework of broader solutions in Europe, as the Norwegian parties have agreed among themselves?

Yes, said Mrs Brundtland.

What this means in practice is that the Nordic nuclear-free zone cannot be established. Mrs Brundtland did not deny that, either.

The focus of the zone debate has now shifted beyond Norway's borders. The deployment of nuclear weapons in Norway or Denmark is not likely to be an issue any longer even in a situation of crisis or war. Those countries can be defended with nuclear weapons fired from outside their own territories--from ships or from the air.

The debate over a zone treaty is therefore no longer concerned primarily with nuclear-free status for the Nordic region, but chiefly with NATO's nuclear policy in general. Supporters of a nuclear-free zone can hope that the Nordic region might be able, by its example, to influence views on the European continent, while opponents are fearful of just such a risk of infection, which might weaken Norway's credibility as a U.S. ally.

When it comes to a choice between the "negative" guarantee offered by a zone agreement--that is, the Soviet Union's promise not to use nuclear weapons against the area within the zone--and the "positive" guarantee that goes along with membership in NATO--in other words, the U.S. obligation to come to Norway's help if necessary--most Norwegians choose the latter alternative.

But this abstract debate over the zone is not likely to influence the Norwegian voter's behavior at the polls to any appreciable extent. The election will be decided on the basis of social and economic policy.

But there is no big issue of that kind to act as a social or ideological watershed. Kare Willoch's government has implemented its policy with "short steps." It has not undertaken to interfere in any way with the structure of the welfare society.

When I confronted Mrs Brundtland with the question of what the nonsocialist government had done during its just over 3 years in power that the opposition considered detrimental to the country, she had to think the matter over for a long time before she could answer. She then began to talk about unemployment. But unemployment in Norway is only 3.5 percent, and that is less than in almost every other West European country.

The Labor Party has since published its election platform, the main plank in which is a demand for lowering the retirement age to 66. That is an important demand in itself, but it is scarcely a call to battle that will bring the voters to the barricades. The Norwegian Labor Party will not submit a proposal for wage earner funds.

Despite the situation of confrontation in Parliament between the coalition bloc and the opposition, Norway is in fact a society of consensus. That opinion is also confirmed by the fact that the Federation of Industries and the labor movement were able to publish a joint program on industrial policy.

It may be that oil is lubricating the situation of consensus. It is easier to pursue a conciliatory policy when you have money to distribute.

The petroleum industry accounts for almost 20 percent of Norway's GNP and over 30 percent of its exports. The Norwegian state receives one-sixth of its revenues from petroleum.

Thanks to petroleum, Norway also appears to advantage in OECD statistics. It has now passed Sweden to take fourth place on the scale of wealth: only in the United States, Switzerland, and Canada is the national income per capita higher.

Does this mean that Norway is on the way to some sort of alternative Utopia in which the "hard" petroleum industry will create so much prosperity that people in "onshore Norway" can "live a soft life" as though in an idyllic open-air park? Things seem to be moving in that direction in one sense, since 80 percent of the petroleum earnings are used to cover state spending--that is, they are pumped directly into Norwegian society in the form of various income transfers.

But the result is that traditional industry has lost its grip, cost levels have risen, and indispensable structural reforms have been postponed.

The general view in Norway is that the country cannot allow itself to become dependent on petroleum. Production in the oil fields now operating or where it has been decided to begin operations is expected to peak in the early 1990's and then to drop off rather sharply. Extraction in the oil and gas fields located farther north is coupled with great uncertainty. Oil price developments are difficult to predict. And since the share of production represented by gas is increasing, marketing difficulties may be encountered: West Europe is moving toward an oversupply of gas.

It is therefore urgently necessary that other industry also develop and that its international competitiveness be strengthened. An important question for the future is also how much of the petroleum earnings should be used for investments aimed at improving the Norwegian economy's ability to hold its own in a situation in which the oil begins to run out. But that is scarcely something that will be debated during the campaign meetings.

11798

CSO: 3650/244-A

POLITICAL

PORTUGAL

COMMENTS ON REAGAN-SOARES ALLIANCE

Mutual Advantages Seen

Lisbon EXPRESSO in Portuguese 11 May 85 p 8

[Text] Unexpectedly--or perhaps not too unexpectedly--Portugal turned out to be the European country which gave Ronald Reagan his warmest welcome.

A welcome which not only met official plans, let it be noted, but exceeded them. If Reagan's visit sparked hostile demonstrations by many thousands in all the large cities in Spain, in Portugal the call put out by the Lisbon Labor Union Association only managed to get out a few hundred demonstrators in Rossio.

The phenomenon deserves some reflection.

If Ronald Reagan had visited Portugal as President ten years ago, things would surely have been just the opposite. At that time, the Communist Party was riding the crest of the wave, and a huge wash of discontent would have overwhelmed the American leader. Ten years later, the country looks at Reagan, if not with liking, at least without animosity.

This is precisely because Portugal is the only country in Europe which has been through a revolution in recent times.

A large part of the left, which experimented with dictatorship and was broadly antiamerican under the New State, has difficulty today in staging a minimal protest to the US President's visit to Portugal, even in the case of one of the most conservative presidents in American history.

This proves that the country was traumatized.

The simple fact that it has come to the point where the PCP could have come to power in Portugal means that today the Portuguese people, from the right to the non-Communist left, regard America and its President as entities which should not be antagonized because they could be of use at any time.

Under the New State, there was no one in the opposition to the government who preferred Washington over Moscow. Now it is just the opposite: the

United States, in spite of its arrogance and imperialistic nature, seems closer to us than the frozen countryside of the nations of the East.

This is what has happened with the common citizen.

Nothing substantially different happened with the government.

The president of the Republic, Ramalho Eanes, while accepting Portugal's need to maintain privileged relations with the socialist regimes in the former colonies, is a traditionally trained military man who respects the nation's membership in NATO and believes that it is necessary to maintain relations with the Americans at the highest levels.

As far as Prime Minister Mario Soares is concerned, his position is also well-known. In spite of being the general secretary of a socialist party, who long ago opted for the West and who, in his simple way of seeing things, sees the world as divided between the United States and the Soviet Union and has no doubts about which country to approach for support.

It must be said that America has returned his affection.

It backed him in 1975 and has no reasons to be dissatisfied. So there are no reasons not to support him now in the political fray set for year's end.

Machiavellian Reasons Given

Lisbon EXPRESSO in Portuguese 11 May 85 p 17

[Article by Fernando Ulrich, "Preferences Revealed," under the rubric, "The State of the Economy"]

[Excerpt] For all those desiring a freer and more rational economic system with less government and more lee-way for market forces, the support which President Reagan came to lend to his "good friend" Mario Soares was enviable.

In fact, it is natural that Portuguese liberals would feel outdone at seeing the preferential relationship which the champion of the market economy has forged with a socialist, who, moreover, has prevented any significant change in the system inherited from the 11th of March and embodied in the Constitution of 1976/82.

As expensive as this affair between the Reagan Administration and Dr Soares is, it should be pointed out that there are good reasons for it.

Dr Soares has made an undeniable contribution to the establishment of democracy in Portugal which has earned him the respect and admiration of large sectors of the Portuguese population, including many who do not share his ideological views or approve of his style of governing.

His anticommunism and loyalty to Western social values are widely evident.

His position in the Socialist International gives him an international forum clearly transcending the status of a country as small as Portugal.

Dr Soares offers the likelihood of continuity. It became necessary in 1978 to dismiss him in order to remove him from power, but he showed the ability to return. It should be added that his power was of fundamental importance even in the opposition, because his party had the right to veto important matters.

At the present, no one denies that Dr Soares has a chance of being elected president of the Republic.

Under these conditions, although it is always risky to put all one's eggs in the same basket, it would be difficult for the North Americans not to support Dr Soares.

In the final analysis, it is relatively unimportant to them whether the Portuguese economy allows market forces greater freedom, whether the number of state-owned companies increases or decreases or whether the economy becomes more or less rational.

If we remember that in Washington, Portugal is seen mainly from the point of view of the State Department and the Pentagon, perhaps it is not too Macchiavellian to think that a weak and vulnerable economy might become more dependent on a trans-Atlantic ally, and this might weaken our bargaining position.

Since it behooves the Americans to defend their interests or what they perceive to be their interests, President Reagan's preference for Dr Soares makes sense.

On the other hand, it is up to those who do not agree with the economic socialism under which we live to organize themselves so as to offer political alternatives which would make it possible to set up a society and an economy in Portugal more similar to those flourishing in Reagan's America.

If they continue their endless fratricidal quarrels, preferring the calculator over initiative and risk, they will have nothing to complain about. Unless we become another state of the Union, we cannot ask President Reagan to do for us what we are capable of doing ourselves.

8844

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POLITICAL

PORTUGAL

COMMENTARY ON LIBYANS' USE OF TIRES AIRPORT

Announcement Protested

Lisbon SEMANARIO in Portuguese 13 Apr 85 p 15

[Excerpts] We received the following letter from the Aeroavia Aviation School, signed by Vitor J. L. Brito:

The article published under the caption "Armed Forces Concerned--Libyans Use Tires in Night Flights" is a distortion of the facts and, because of its defamatory nature, can compromise ongoing diplomatic relations with that country.

1. No Libyan group is using the Tires Airport. The Aeroavia Aviation School Ltd (EAA) operates in this airport with its instruction and training planes, conducting pilot courses for nationals and foreigners from beginner to airline pilot level.
2. The courses given in the EAA are first certified and technically supervised by the Directorate General of Civil Aviation (DGAC).
3. A commercial helicopter pilot with instrument-flying qualification course has been conducted at EAA since last year for 11 Libyan national students, according to a contract approved by the Bank of Portugal.
4. The night training flights are an integral part of the commercial piloting courses and are conducted at the Tires Airport with the authorization of the Air Navigation Directorate [as published] (DGAC), especially obtained for this purpose.
5. The point of departure and destination of all flights are listed in the traffic forms and navigation logs that are mandatorily filled out.
6. Air traffic control is conducted by the Lisbon tower and the planes are equipped with appropriate communication equipment; a particular frequency is also used for airport traffic.
7. One cannot understand how an activity regarded as being of public benefit can be called into question without consulting the management of EAA, the more so when that activity lends prestige to and benefits the

country with the export of services and technology and the consequent inflow of foreign exchange and is recognized by the International Civil Aviation Organization (ICAO) itself, the supreme international civil aviation authority.

8. We do not believe the armed forces have been consulted about such insinuating "concerns."

9. All the foreign students who are taking aviation courses at EAA are in the country legally, enjoying all the diplomatic protection of the respective embassies, the Alien Service, the DGAC and the Aeroavia Aviation School itself, which assumes the responsibility for their stay in our country.

There being nothing further of note, we remain, sincerely: Vitor J.L. Brito.

NATO Targets

Lisbon O DIABO in Portuguese 30 Apr 85 p 6

[Article by Vitor Serrote]

[Text] Espionage (but not only that) may have been the explanation for the strange maneuvers of the Libyan pilot who was flying the helicopter that crashed near Oeiras last week. The helicopter had maneuvered in a suspicious manner over various prohibited points, specifically, the NATO facilities near the place where it fell: COMIBERLANT operates there, that is, the Command of the Ibero-Atlantic Area of NATO.

That suspicion (which is intensifying more and more in certain political-military sectors) stems from the fact that recently, more specifically, for about the past 3 weeks, helicopters piloted by Libyans have several times overflown the Alfeite Naval Base, the Monsanto Jail and Fort Caxias, in addition to the NATO facilities in Oeiras.

It is a very strange fact that Libyan citizens who are in Portugal attending a helicopter pilot training course decide to fly exactly over prohibited areas where very important military or correctional facilities are operated. It should be remembered that Otelo Saraiva de Carvalho and others implicated in the "Popular Forces-25 April" case are being held in Fort Caxias and that their trial, the date of which is approaching, will be held in the Monsanto Fort.

The maneuvers of the helicopters piloted by the Libyans who are being trained at the Tires Airport (where the group that won an international competitive bid to train pilots for the armed forces of that country operates) are being viewed as cause for concern by some political sectors and military leaders.

On the day of the arrival of Queen Elizabeth II of Britain in Lisbon, for example, one of those Libyan pilots caused an incident of some seriousness

thus far kept secret by the authorities. At the moment that the yacht "Britannia" was calling at the port of Lisbon, coming from Setubal, carrying the English sovereign, her husband and all of her retinue, a helicopter from the Tires Airport flown by a Libyan pilot was overflying Lisbon, Setubal and the route followed by the ship in strange maneuvers that actually aroused alarm.

Having been alerted, the Lisbon Airport control tower repeatedly ordered them to return to base and later to land immediately. The Libyan pilot, who ended up landing the helicopter in a field in the Setubal area, was arrested by members of the Fiscal Guard, who held the helicopter for several hours.

There are 12 Libyans attending the helicopter pilot course at the Tires Airport. Almost all of them seem to be quite interested in our naval bases and correctional institutions which (considering that they are citizens of a country that exports terror, violence and destabilization to all corners of the globe) fully justifies the apprehension of some military leaders.

Nevertheless, according to information reaching us, the Ministry of Foreign Affairs did not know about the presence of Libyan pilots receiving training to Portugal until recently.

Libyan Interviewed

Lisbon O JORNAL in Portuguese 25 Apr 85 p 15

[Excerpts] O JORNAL learned from the Aeroavia Aviation School (Tires) that the Libyan student-pilots of that school will not fly in the areas where President Reagan is scheduled to be present during his forthcoming visit to Portugal.

The pilot course students make local flights or trip flights which can include the whole territory. Normally, they work more in the Caparica and Cape Espichel region where there are navigation facilities. The students are usually accompanied by an instructor but they also have a fly solo to obtain the flying time necessary for their graduation.

Asked about the possibility of the students making air photographs in those circumstances, school officials were categorical in declaring that photographic material is prohibited and it would be permitted on the flights only with the authorization of the air force.

Zelmati, one of the Libyan students taking the helicopter pilot course, told us in that regard: "I am not qualified to fly properly let alone see the territory. The helicopter is piloted with both hands and feet and I would not be able to take photographs even if I wanted to."

Scholarship

Urged to comment on the suspicions that attach to him and his comrades, Zelmati guaranteed: "We are here only to train and return to our country."

We seek to obtain a professional pilot's license, the "International License" that will enable us to work in our country, transporting passengers and cargo for the offshore oil platforms. We have nothing to do with politics, nor do we have contacts with the government. We go to the embassy once a month to receive our scholarship funds."

The reasons that led them to select Portugal for their apprenticeship were given us by Zelmati himself:

"Here living is cheap and the school is qualified. In Libya, the helicopter pilots all belong to the armed forces. For that reason, we have to take a course abroad. Instead of Portugal, I could have gone to England or Canada but I would need much more money than I need here."

All of them came to take the course through the International Civil Aviation Organization (ICAO) and the scholarship fund assigned to them is paid through the Libyan Embassy. Aeroavia is a private school that has been operating since 1980 and has had helicopters since 1982. Initially working with two helicopters, it purchased another one a short time ago which unfortunately fell in Oeiras on the 15th of this month. The average length of the courses is 9 months. According to one of the school's directors, they have lasted longer due to a lack of means. He said that that is the reason why the Libyans, who should have completed the course this month are still here after having come to the school in the beginning of last year.

O JORNAL learned from a government source that the Portuguese Government had not been officially informed of the presence of the Libyans in Portugal.

8711

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POLITICAL

PORTUGAL

PCP'S REPORTED GAINS FROM EARLY DISSOLUTION OF PARLIAMENT

Lisbon DIARIO DE NOTICIAS in Portuguese 11 May 85 p 2

/Article by Dinis de Abreu/

/Text/ It is difficult not to recognize that the PCP /Portuguese Communist Party/ possesses coherence in principles and determination in objectives which contrast with those of other political organizations and appear at certain times to defy the movement of ideas and pendulum of history.

Eurocommunism "went out of style" or at least underwent a marked decline. However, at its height the PCP never felt inconvenienced by the fact that it was almost isolated among its more representative kindred parties in the European democracies. It remained faithful to strict orthodoxy, even when doubts regarding that strict orthodoxy arose from within. Never did it raise its hand against Moscow, even in view of acts which the international community condemned and which some of the most highly respected Italian, Spanish or French communist leaders did not refrain from criticizing. The golden rule was always to keep silent if circumstances made a show of support intolerable.

Persistence has its virtues, and one of these is to discourage opposition to positions which are recognized as being no longer valid. It is boring to enumerate the instances in which the PCP was incapable of withdrawing at least minimally from an unconditional tenet to be followed, just as it is repetitious on the internal level to cite the unchanging defense of the resignation of the government or the dissolution of Parliament, yesterday with the Democratic Alliance /AD/, today with the PS/PSD /Socialist Party/Social Democratic Party/ coalition, tomorrow with some other interparty arrangement which is not worthy of inclusion by the communists.

The logic does not change; the arguments are all alike; the discourse remains intact as though that monolithism were the secret method used to avoid any disillusionment on the part of the followers, whether initiates or members of long standing. And the truth is that the PCP manifests a solidarity and vitality which the PCE /Communist Party of Spain/ and PCF /Communist Party of France/ would not disdain.

it may have lost militancy (and some dedicated militants withdrew, weary of an unalterable line), and it may have lost its capability of mobilization (even with the active efforts of INTER, public demonstrations showed a marked decline and adherence is far from being very spontaneous); but the PCP maintains a capability of maneuvering and influence which it would be absurd to underestimate.

Moreover, the PCP is convinced that it is growing. And the facts serve only to strengthen that conviction. For example, how can we find it strange that Alvaro Cunhal calls for early elections? And how can we not understand that a few months ago the principal communist leaders expressed their support for the "Eanist" movement, now known as the PRD /Democratic Renewal Party/, awaiting notarial registration?

And there is yet another logical reflection which leads the PCP to insist on the dissolution of Parliament while Eanes still has the power to do so.

Criticism and Reasons

At a meeting in Evora last weekend Alvaro Cunhal presented the president of the republic a real challenge when he asked him to exercise his powers of dissolution while still empowered to do so. On this occasion the communist leader abandoned the discreet tactics which he customarily followed in appraising the behavior of Eanes and openly urged him to dissolve the government "when timely to do so."

Cunhal did not stop there; rather he thought it opportune to warn the president of the republic that "the Portuguese people do not understand (...) why he has not yet made decisions, as empowered by the Constitution, to prevent the country from reaching its present state of economic, financial, social, political and moral deterioration."

And to make everything quite clear, Cunhal stated on the same occasion that, "if by 14 July the president does not make those decisions, he could henceforth find himself at the mercy of coups by government forces wanting to overthrow him."

To this criticism Cunhal added a sort of friendly advice as though he wanted to tell the president that he would have no cause for complaint having been warned in time...

It is obvious that this gesture is not innocuous and that the intentions are plain to see.

With the dissolution of Parliament, the PCP could not fail to gain, even though it might not be the only group to profit.

Let us note briefly some of the reasons which may explain the usefulness to the communists of such an intervention by Eanes:

--A weakening of the candidacy of Soares: If the government fell and the socialists found it necessary to prepare for early elections, the presidential election would cease to be a priority matter. Moreover, the communists are persuaded that, once Soares were removed from power, his candidacy would cease to be of any significance. In this regard, anyone entertaining other expectations should note Cunhal's reaffirmation that the party will not support Soares in a second presidential election, "even if the other candidate were Freitas do Amaral." It is a declaration of intentions which is meaningful to anyone who wishes to understand it.

--Change in the party spectrum: Early elections would permit the official appearance of the PRD which, moreover, already announced that it would participate in the legislative elections if they were held early. The "Eanists" confide that they will seek votes precisely in the social and social-democratic area. The reckoning of the communists is very simple: even if they should lose some votes to the PRD, the damage which this would cause to the PS and PSD would certainly be highly rewarding.

--Subordination of the presidential elections in the immediate future: The effects of the dissolution would profoundly alter the emotional atmosphere in which the preparations for the presidential campaign are taking place, diverting attention to the administrative government which would then be formed and to a realignment of the political forces in view of that circumstance. This would mean the deferment of an option which, for the PCP, does not appear easy in the present context of the obvious candidates.

--Disturbance factor in the reorganization of the center-Right: With the PS paralyzed, submissive to the development of the strategy chosen by Mario Soares for his candidacy, the PSD made inarticulate by internal struggles and by the premature disappearance of one of its top figures (it is well known that Mota Pinto was given considerable support by the rank and file members) and the CDS /Social Democratic Center Party/ still not recovered from the impropriety of the last elections, the PCP has obvious reasons to foresee a rise in its electoral votes, even if at the cost of a dispersion of the electorate from which it had never received support. But there is another aspect which is not insignificant: Freitas do Amaral aspires to lead that vast area known as the AD. To achieve this he needs the "trial by fire" of the presidential elections. If these are preceded by the legislative elections, everything becomes complicated. And the regrouping of the center-Right may gradually become compromised, especially if the PRD gets off to a good start.

--Delay of complete integration into the EEC: If Parliament is dissolved before ratification of the membership agreement, it is not likely that the mythical date of 1 January 1986 for acceptance will be met. In any case, this would give the PCP moral satisfaction inasmuch as it is a professed opponent of Portugal's entry into the Euromarket.

Thus, we perceive the urgency of the PCP and the impatience revealed by Cunhal in Evora. For 2 short months Eanes has the possibility of activating the mechanism which would result in the dissolution of Parliament and of radically modifying the pieces on the chessboard.

To do this he lacks a good pretext for the moment, since he did not take advantage of opportunities offered him with little fanfare in the recent past. And if he has such a pretext, will he take advantage of it?

This is a question which he alone can answer, if an answer is already in the making--which is not certain.

The necessary pretext can be supplied by the PSD during the Congress, or after, if it aims for a break with its coalition partner. A few months ago, if the problem of leadership had been resolved in a consistent manner, the governmental divorce would have been a matter to take into consideration. Now, with the leadership assured and with the loss of Mota Pinto, will the party have the strength to overcome its internal squabbles and unify its members' support with regard to the same project and present itself with renewed energy to the electorate? It is at least logical to hold to that theory with reservation.

On the other hand, if the PSD does not break with the coalition, it is doubtful that Eanes would risk making a decision which could be suspected of benefitting the interests of the PRD, if not of the PCP itself. Soares would certainly not fail to take advantage of the situation.

In view of all this, the PCP has reason to be concerned and the PRD to have its share of uncertainty. The keys to an unknown are in the hands of Eanes and the PSD.

8568

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POLITICAL

SPAIN

ADOLFO SUAREZ COMMENTS ON CDS ELECTORAL PROSPECTS

Madrid CAMBIO 16 in Spanish 13 May 85 pp 23-25

[Interview with CDS head Adolfo Suarez Gonzalez by Juan Altable; date and location unspecified]

[Text] Adolfo Suarez Gonzalez, aged 52, the man who was everything in this country (who made the democratic transition and the Constitution), and who lost it all 4 years ago, thinks that his "journey through the desert" has ended. "I hope to win elections again," he remarks, at a time when all the polls categorize him now as the country's third-ranking political force, heading his small CDS [Social Democratic Center] party. According to Suarez, this revival is a result of wise waiting and a persevering effort expended for years. In any event, the former Spanish prime minister has an idea which has been an obsession with him since that 23 February 1981: not to repeat the mistakes of the past.

CAMBIO 16: Mr Suarez, will you, after all, end up making an agreement with Miguel Roca?

Adolfo Suarez: You may be sure that I shall not. You see, there are many political leaders who think, and rightfully so, about the election victory day. The difference is that I have already governed, and I am concerned about the day after, as well as the day of victory. That experience has taught me that power is nothing if you don't gauge the steps that you are going to take; and, believe me, my experience from UCD [Democratic Center Union] has been that, when one does not have a solid bloc behind him, defeat is inevitable.

CAMBIO 16: But you realize that many people will accuse you of being to blame for PSOE's [Spanish Socialist Workers Party] winning the elections, because of having refused to create a broad center.

Adolfo Suarez: I don't have the slightest doubt of that. But the fact is that the real situation has no connection with the figures that are manipulated. I don't see anywhere that 20 percent of the vote which some claim would be attained by that "broad center."

CAMBIO 16: And what about the differences with Mr Roca? Do you consider them so deepseated?

Adolfo Suarez: Well, you see, we have very serious differences in the economic area, on issues involving international policy, and with regard to the very notion of what a political party should be. Yes, the differences are very great.

CAMBIO 16: In other words, you intend to stake all your cards on CDS.

Adolfo Suarez: Exactly.

CAMBIO 16: And how far do you think you will be able to go with your party in the coming elections?

Adolfo Suarez: To the ultimate, to the point of winning them.

CAMBIO 16: How?

Adolfo Suarez: Yes, yes, I know that many people laugh when I say this; but, you see, all the polls are now giving us a minimum of 15 or 20 deputies. If we have achieved those results after 3 years of journeying through the desert, I see no reason why I should have to set a limit when looking toward the elections.

CAMBIO 16: But won't CDS be an interim party?

Adolfo Suarez: By no means. CDS is a party with an intention of winning general elections. I have some very clearcut ideas. You see, in 1982, we were below the minimum, and we established a strategy, because we lacked credibility and had no image or anything. So, the first step was to achieve the Spanish people's impartiality. Next, our goal was concentrated on gaining respect and credibility, and we have been progressing from there. And from credibility to the vote, there are several steps that we shall have to take.

CAMBIO 16: If your expectations are fulfilled, those deputies might be the ones needed by the Socialist Party to win an absolute majority in the Congress after the next elections. Would you form a coalition with your friend, Felipe Gonzalez?

Adolfo Suarez: No, that has been precluded. If that hypothesis were borne out, the logical thing would be for PSOE to govern as a minority, which is how I governed for 5 years.

CAMBIO 16: And do you think that PSOE will govern as a minority or receive an absolute majority again?

Adolfo Suarez: What I think is that the Socialist Party has actually invaded the space of the center and part of the right. But this invasion, combined with the deterioration in governing, is an essential factor for erosion; because, when so many areas are reached, there are many people who do not feel comfortable and who might feel more closely identified with other forces.

CAMBIO 16: And would you be in that category?

Adolfo Suarez: I believe that CDS is working hard to offer a serious alternative that would go to the roots of the problems, and propose the necessary courses of action to transform this society into a different one that is more just and unified.

CAMBIO 16: In other words, from what you say, your most direct rival, the one from which you must take the electorate, is PSOE.

Adolfo Suarez: What I say is that our potential electorate is progressive.

CAMBIO 16: And Social Democratic?

Adolfo Suarez: Well, you already know that our party has a radical, regenerating Social Democratic ideology. We are reflecting deeply on the world and the Spanish situation, and we are drawing our conclusions on that basis. For example, we think that the state has the obligation to eliminate the inequalities among individuals based on their origin, providing education or housing; that public investment is one of the driving forces of the economy in times of crisis, etc. And those conclusions are not theoretical; they are based on the reality of what is happening every day. If one puts the Social Democratic label on that, then all well and good, but the least important things are the names.

CAMBIO 16: Mr Suarez, you have been everything in this country; you have made the political transition; you have won two general elections; and you have enjoyed immense power. Therefore, I imagine that it must be difficult for you to go touring town after town, "pounding the pavements."

Adolfo Suarez: Well, you have already seen that I am doing so. I have the experience of having set up a party while in power, with all the advantages and obstacles involved in that; and now I am doing it on the streets, and I can assure you that I am very hopeful.

CAMBIO 16: But it must have taken you a long time to recover after that harassment and defeat.

Adolfo Suarez: Not at all. My wife, Amparo, always says that I am an extra-terrestrial, and that I take blows very well; and the fact is that, after my resignation, in a matter of hours I started working again. I am a man who looks back only to draw conclusions and learn from the mistakes.

CAMBIO 16: And that has its dangers also. For example, you give the impression that you are obsessed with not repeating UCD's internal situation. It seems as if you have been projecting your previous disappointments on your new political design.

Adolfo Suarez: That danger which you mention is real, and I have considered it many times. But I don't think that it is actually occurring, because the

members of my party think exactly alike on many issues. For example, they have a very clearcut notion that a modern, left-of-center party such as this, cannot have the cancer of a baron class. When I tell them that, at one particular time, in UCD, there were as many as 14 persons who wanted to be president, simultaneously, they are astounded. And the same thing holds true of the coalitions. There are many hard working people here, expecting nothing in return; and no one wants to jeopardize all that effort.

CAMBIO 16: Could it be that you don't want anyone to overshadow you, that you want to control your party from top to bottom?

Adolfo Suarez: No, no, that is not the problem. This party is producing leaders at an incredible speed. And individuals with unquestionable political clout have come to us. But no one here has more strength than what the party rank and file gives him.

CAMBIO 16: Speaking of strength, how are you financing your party? It has been claimed that PSOE....

Adolfo Suarez: That is grossly untrue. It is a fact that we don't have a very thriving economic situation, but we are procuring our financing from the dues of the members and from contributions made by small and medium-sized business owners who believe in us.

CAMBIO 16: And haven't you been pressured economically to join that great anti-Socialist coalition with Roca and Fraga which some sectors in this country want?

Adolfo Suarez: No, but they have refused us some credit which we had requested; although, of course, it might perhaps be because we are a weak party with only two deputies.

CAMBIO 16: And do you think that you would be less weak if you were to agree to the inclusion of certain centrist figures who are jointly throwing roses at you?

Adolfo Suarez: Those roses which you mention have caused me perplexity; because underlying some of the public demonstrations there is the idea of first achieving a parliamentary group and later forming a party. And I don't believe that this is the course of action. Furthermore, in that way no sacrifice is made, and if one doesn't suffer, I doubt that a victory can be achieved.

2909

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POLITICAL

SPAIN

IGLESIAS SUMMARIZES RATIONALE FOR POLICY OF CONVERGENCE

Madrid EL PAIS in Spanish 5 May 85 pp 14, 15

[Article by Gerardo Iglesias Arguelles, secretary general of the Spanish Communist Party: "The Future of the Left"]

[Text] According to the author of this article, the so-called crisis of the Left is due to several major factors: the resurgence of the conservative ideology; the lack of credibility of the societies and governments that have emerged from revolutions, in which the lack of grassroots involvement, restrictions on freedoms and bureaucratism have detracted from their socialist, democratic character and their economic and social viability; and the dead end into which Social Democracy has placed itself by abandoning the welfare state and taking up neoliberal ideas. According to Gerardo Iglesias, however, these are not all symptoms of the decline of the Left; they are merely signs of a much-needed modernization, which can already be detected in certain social movements and some political groups. His party's call for a political convergence is designed precisely to meet this challenge of revamping and updating leftist thought.

A few months ago EL PAIS began a debate, by publishing a series of commentaries, on the status of the European Left and its future. This was unquestionably a valuable initiative, because of the issue and the timing.

The idea that the Left has run its course has become widespread; this is tantamount to saying that it makes no sense to try and transcend capitalism. The speculation is that this prospect was dashed in the 1970's. True enough, the economic, social and cultural crisis that began with the 1973 recession and in which we are still immersed has created more than a few knotty problems for the Left. During these years the Left has obviously lost some of its persuasiveness, its initiative, its offensive.

In the midst of this crisis the conservative forces have found ways of retaining and even of further consolidating their privileges and control. They are now attempting to extend their political predominance to culture and ideology, seeking to place beyond question the idea that there is no alternative to capitalism and, what is more, that the future cannot be consciously planned and determined. This idea has caught on in supposedly leftwing governments that are now pursuing liberal economic policies "because there is no other possible policy." We could argue, as has been, that we are witnessing a renewed offensive by conservative ideology, whose shrillest voices are the reactionary messages of Reagan or John Paul II. The crisis has promoted a trend towards disintegration, corporativism and individualism. It has fostered feelings of resignation, powerlessness and self-centeredness. All of this is an excellent climate for the rise of the new conservatism.

At the same time, the Left has found that its fundamental traditional reference points of previous decades no longer are, at least in part. The type of society and State that has taken shape in a good many countries as a result of revolutions has shown itself to be lacking in some of the substantive elements of socialism. Restrictions on freedoms, the lack of grassroots involvement and bureaucratism have detracted from their socialist character not only from the standpoint of democracy but also in the economic and social realm. The fact is that this model of society and State holds very little attraction for workers and, especially, for young people, even among those who are disadvantaged and unemployed.

The Crisis of Social Democracy

Furthermore, Social Democracy has come to a dead end. Its program of income redistribution and social services under a welfare state that has always been compatible with and never challenged intelligent capitalism, has turned out to be unfeasible in the current crisis. The incompatibility has been resolved at the expense of reforms and in favor of the system, as governments have adopted the most orthodox neoliberal ideas. We can see this in the ruling parties of "Mediterranean socialism," which not too long ago were hypercritical of Scandinavian Social Democracy and portrayed themselves of the standard-bearers of a new leftist socialism. Voices of concern spoke out in this regard at the recent European Socialist Congress in Madrid: "The purported success of the U.S. economy must not pave the way for neoliberalism in Europe...Reaganomics is based on myths..." (Willy Claes, former Belgian minister). "The lovely speeches about the independence of Europe are not put into practice when the time for action comes" (M. van Miert, president of the Flemish Socialist Party).

True and, of course, regrettable. The coming to power of Socialist parties in various European countries has not meant any greater autonomy vis-a-vis the pressures of Reagan's policies. Let us not forget that these policies are geared towards the decline of Europe and the shift of the centers of gravity of the world economy and technology towards the Pacific.

We must acknowledge, hence, that there are indications that the Left has lost some of its currency. I want to assert my conviction, however, that these are not symptoms of the decline of the Left but rather signs that it must be modernized to carry out a renewed mission of change that is very much the order of the day.

I base this assertion on several demonstrable and hopeful signs. In the first place, the Left's vague, misguided policies have not caused its social base to shrink. The base has become split or atomized but it has not shrunk. Support for change and alternative policies is still broad and is, in fact, widening. Regardless of what has happened afterwards, it is a fact that political platforms heralding change, some of its quite radical, have won elections by large majorities and have built a broad social consensus in France, Greece, Spain...

New Social Movements

Secondly, new social movements have arisen, all of them seeking radical, leftist changes in the system. The extent of the peace movement throughout Europe (and we are no exception), with the noteworthy involvement of young people, has given the lie to those who thought or wanted to think that the prevailing apathy of previous years was an irreversible phenomenon. The growth of this movement cannot be explained solely as the result of a fear of nuclear war. Its members are also aware that the interplay of the military blocs, the arms race and warmongering are key causes of the economic crisis and of our narrowed social and cultural horizons.

Thirdly, new and innovative forces, whose immaturity makes them no less progressive, are winning a growing number of seats in parliaments with a lengthy two-party tradition. Communist parties are seeing the advent and consolidation of forces that want change, that seek to leave the past behind and that seek to draw strength from the new and complex social fabric and from new social phenomena. I am talking mainly about the Communist parties in the capitalist world, but the changes under way in China and other nations of the socialist world are noteworthy as well. With its defense of political pluralism and a mixed economy, the Nicaraguan revolution is becoming a very positive factor that will help the entire Left to modernize.

Even the Socialist and Social Democratic parties are now asking themselves serious questions about Atlanticism and the future of Europe...which suggests something of a move to the Left. We have seen evidence of this at the aforementioned Congress of European Socialist Parties, though we should not be all that hopeful about prompt action being taken on this self-questioning.

Fourthly, we are witnessing profound structural changes in the role of culture and information. For example, the ever-widening coverage of the mass media and the dissemination of culture are making knowledge

and information universal. The private, multinational control of the media unquestionably poses serious risks that they will be intolerably manipulated. But we must look beyond the danger of their manipulation; we must also see the possibility of democratic control over the media and, consequently, the enormous potential we have for informing and educating the masses. People are already saying, and correctly I think, that the legal age is being lowered because today's 15-year old is as mature and as capable of perceiving realities and of making choices as a 20-year old was a few decades ago. The breadth of the peace movement illustrates the degree of awareness about complex world problems, an awareness that only the mass media could have created

This is far from false optimism. We are seeing new potential, cultural changes, new leftwing concerns, new movements for change, and broad-based desires for renovation that are charting the future of a refurbished Left. The challenge for the Left today lies in the complex social fabric that these new developments are weaving, a challenge that the old ways cannot meet.

Are we talking about only isolated, short-term developments or something deeper that would justify this optimism or confidence in the Left's future? If I lean clearly towards the latter view, it is because what we are now seeing is not just the superficial manifestations of a crisis but structural social demands. To put it in Marxian terms, it is because I think that the objective, not just the subjective conditions exist.

Contrary to what the neoconservatives would have us believe, what we can clearly gather from the tangle of problems besetting Europe and the world is that the profit motive and the preservation of privileged power structures have only unemployment, ecological disaster, dehumanization and war to offer. At the same time as it has succeeded in imposing its politics, contemporary capitalism has starkly revealed the destructive tendencies it carries within it.

New Technologies

Socialism's "old" ideas, the guiding principles of the Left, are gaining greater currency than ever. We need think only of the new scientific and technological revolution, that is to say, the introduction of microelectronics, computers and robots into production processes. It is becoming obvious that only the public ownership of the major means of production, along with democratic control based on active grassroots involvement, can make this technological revolution an agent for bettering living conditions.

The fact is that the new technologies are going to bring about social and cultural changes comparable to those of the industrial revolution in the 19th century. The need for human labor is declining in production and services. And we cannot expect, for example, that the answer

to mounting unemployment can be provided by faster economic growth, inasmuch as joblessness is not due solely to short-term recession. The gradual decline in the need for human labor in production as a result of new technologies must be accompanied by improved living conditions (a shorter work week, a more just distribution of national income), not by the opposite: more unemployment and greater social inequalities verging on the intolerable. Therefore, to achieve the former, which is reasonable and just, we must unquestionably alter the system of private property and profit in favor of the principles of democratic planning and control.

We are looking, then, at obsolete approaches and proposals, but at the same time the Left, in the sense of a transition to socialism, has new and stronger potential.

The question is how to unite the scattered elements, how to bring together the atomized forces, how to reconcile apparent contradictions, how to make all of the energies for change converge in a comprehensive, credible, effective, dynamic alternative. A series of European Socialist parties, using an ostensibly new image, have managed, in the midst of the crisis, to put together a broad consensus among forces that desire change, but they have done so merely for vote-getting purposes, surrendering to the policy of coalitions and opting for Atlanticism instead of for European autonomy. Our challenge is to rebuild this consensus on a foundation of change and to preserve it through a wideranging, close-knit social movement. As events have shown, such a program for change is inconceivable in a Western Europe mediatized by Reagan's policies; it is possible only in a Europe that asserts its autonomy, that pursues its own initiatives in the world and that thus makes an extraordinary contribution to peace and social progress.

Leaving Behind Old Ways

The undertaking is complex, true. But it is worth the effort because it is the alternative to the real danger of a holocaust. There can be no doubts about the future of the Left. The key, in my opinion, is to transcend past approaches both old and new (yes, there are new ones too), to overcome the rifts that the new problems and the crisis have made artificial and to bring together the longstanding and the new factors for social change.

I can think of a few examples. When the economy was expanding and full employment seemed to be assured forever, there was a contradiction between the working class's push for higher production and the preservation of the environment. But today that is not so. The working class is not interested in just any sort of development; it wants the sort of development that both provides jobs and respects the balance of nature. We could say that austerity versus consumerism is a concept that combines Marxism with leftwing environmentalism. Likewise, in the nuclear age there is no contradiction between pacifism and revolution. A generalized war will lead to extermination, not revolution. And

militarism means merely reactionary do-nothingism. Progress and the Left require peace, detente and an end to the arms race.

In an effort to transcend the logic of blocs and take new approaches to new problems, there is no major reason why communists and leftwing socialists cannot work together for progress and converge with all of the emerging new factors that point in the direction of change.

It is on the basis of these ideas that the Spanish Communist Party has proposed a social and political convergence of the Spanish alternative Left. This is not the place, however, to enlarge on this proposal, inasmuch as the topic we are discussing is the future of the Left in Europe. I would like to emphasize, however, that the Spanish Communist Party's proposal is part of its efforts to regain a true initiative for the Left that seeks change. In contrast to the simplistic interpretation that the party's convergence proposal is just a vote-getting scheme, it is part of its strong commitment to the future of the Left.

8743

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POLITICAL

SPAIN

PNV IN CRISIS RESULTS IN 'DANGEROUS' RHETORICAL ESCALATION

Madrid ABC in Spanish 21 Apr 85 pp 64-65

[Text] The escalation of proindependence statements made in recent weeks by high officials in the Basque Nationalist Party (PNV) are, according to political sources consulted by this newspaper, rooted in the long and profound crisis that has affected the PNV, concluding with the fall of *lendakari* Garaicoechea. He, along with other spokesmen such as the president of the Euskadi Buru Batzar (PNV executive organ), has crowded his speeches with the pro-independence verbal escalade, taking *abertzales* [nationalist, patriotic] postures in order to gain greater support from the most radical nationalist rank and file. Nevertheless, observers believe that the stability of the PNV will be followed by a decline in tension imposed by the intransigents claiming to sympathize with the *abertzale* sector close to the Herri Batasuna (HB). This decline in tension is already reflected in the institutional posture of the current president of the Basque Government, Jose Antonio Ardanza, whose speeches have been aimed, since he was appointed, at the solution of the conflicts and a political understanding within Basque society.

The problem resides in knowing the attitude of the government, which has not responded to the radical escalation except in declarations by some of its members. While a firm response is awaited, it is thought that the problems should not be approached in a "catastrophic" manner, but rather, with a realistic focus, inasmuch as they cannot be concealed. It is not a matter of reducing formulas to conciliatory rhetoric with respect to Spain's unity, but rather, real solutions bridging the gap which those believing that the tension in the Basque Country feeds their political ambitions create.

The past 2 months have produced a wealth of statements relating to the words "self-determination" and "independence." We shall deal with a few of these, which reveal that specific groups and persons intend to add to the grave problems of Basque society: economic crisis, terrorism, that of internal division and isolation from or confrontation with the nation as a whole.

10 March 1985: Former *lendakari* Carlos Garaicoechea, in an act of homage that assembled over 5,000 persons in the Anoeta Velodrome in San Sebastian, said: "No one should be surprised that a nationalist asks for the self-determination and independence of this people." He added, referring to the ETA [Basque Fatherland and Liberty Group]: "I say to our Basque brothers who are rising up against the will of the majority of this nation, invoking a nationalism which they consider to be more radical than our own, that when

someone opposes -- especially with violence -- the will of the majority, he is not fighting for freedom, but rather, against freedom and democracy."

18 March 1985: Nationalist leader Joseba Arregui, on the occasion of the 90th anniversary of the death of Jose Antonio Aguirre, the first Basque lendakari, said that "Aguirre was a nationalist who believed in Euskadi [the Basque country, fatherland]. He is a symbol of a country capable of governing itself."

Embassies

1 April 1985: Congress on "the collective rights of minority nations in Europe," organized by the abertzale periodical HERRIA 2000 ELIZA in the three Basque capitals, Pamplona and Bayona. One of the reporters, Felix Guattari, member of the International College of Philosophy, said: "I would be quite satisfied if they told me that your struggle for independence was beginning. To know how to make alliances with the trade union movements, youth, women, the workers forces ...that each one in his own way is trying to face up to the great monster of capitalism."

At the same congress, Catalanian representative Angel Colom, member of the Escarre International Center for Ethnic and Nationalist Minorities, said he would support the creation of cultural delegations in other countries by the Basque Government and Generalidad, "which would actually be embassies."

Francisco Letamendia, leader of the Herri Batasuna and now professor at the University of Paris, defined himself as being "pro-independence and a Basque socialist." He said that attempts to integrate Basques into Spain had always failed.

At the close of the congress, it was concluded that "there will never be normalization of the Basque Country if its right to self-determination is not recognized."

Garaicoechea: "Euskadi, the Fatherland"

2 April 1985: The former head of the Autonomous Basque Government, Carlos Garaicoechea, once again demanded independence and self-determination in an event organized by the PNV in Vitoria. The former lendakari said: "These are our objectives today as in the past: defending the Basque nation and achieving the necessary self-government so that the aspiration will not be a false illusion.... Euskadi is our homeland and the only fatherland of the Basques.... No nationalist can say, as I have heard on different occasions (reference to Javier Arzallus), that self-determination and independence have no meaning in the 20th century."

At the same assembly, Juan Jose Pujana, mayor of Vitoria, said: "Euskadi is a nation," and the spokesman of the PNV in the Chamber of Deputies, Marcos Vizcaya, said: "The PNV and Basque socialists shall never be satisfied until we achieve the independence of Euskadi."

6 April 1985: At an honorary dinner held in Cénuri (Vizcaya), Carlos Garaicoechea reaffirmed statements made in Vitoria, saying that independence is the final objective to be achieved, but that for the time being, one would have to accept, "as a strategic path," an autonomous status on which he and the PNV have given their word.

Liberation and Sovereignty

7 April 1985: Jesus Insausti, president of the Euskadi Buru Batzar (highest executive organ of the PNV), said at a meeting held at the Bilbao Exhibition on the occasion of the *Aberri Eguna* (Basque Fatherland Day), that "the sacred commitment of the PNV is to serve Euskadi until the end, until liberation is achieved." He proclaimed the "will to struggle for the freedom and sovereignty of our country." The current *lendakari*, Jose Antonio Ardanza, said at the same meeting: "We are not here to engage in partisan quarrels, but rather, to form a homeland, to make a nation, to govern Euskadi and make it ever bigger and better." He added: "This government has not abandoned and will not abandon its nationalist aims."

9 April 1985: Jesus Insausti, president of the Euskadi Buru Batzar, once again demanded self-government and self-determination for the Basque Country. When asked about criticisms directed against him because of the recent statements on the *Aberri Eguna*, he said: "They can demand that we play fairly, democratically, that we respect the law, but they cannot require that we hide our wishes, and one of them is independence, which was inculcated in us by the founder of our party 90 years ago, Sabino Arana."

In political circles in Madrid, these statements by Insausti were scorned and they went so far as to affirm that sufficient guarantees had been received from the PNV so as not to have to "exaggerate" the importance of the words of the president of the Euskadi Buru Batzar. This interpretation gave rise to the following comment by one member of the PNV executive organ: "It is not proper that the Spanish Government, through some of its members, should label as a joke that which is essential to a nationalist party."

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POLITICAL

SPAIN

RUMORS OF PCE PURGE PERSIST

Madrid YA in Spanish 24 Apr 85 p 16

[Article by A. del Rio]

[Text] Gerardo Iglesias, the secretary general of the PCE [Spanish Communist Party], has told YA that he does not plan to purge any public official from the Carrillo faction and, in this connection, is not going to hold any meeting with Madrid Mayor Enrique Tierno Galvan to remove Adolfo Pastor, the Communist Party's councilman, from the city government. The news of a possible meeting between Iglesias and Tierno, as published yesterday in this paper, caused a huge stir in city governments, inasmuch as the PCE's internal crisis could have repercussions in city councils, where there are a great many Communist representatives who are supporters of Santiago Carrillo.

Madrid--At mid-morning yesterday I received a telephone call at my YA office. "I'm from the PCE Central Committee. Just a second, Gerardo Iglesias would like to speak with you." I then heard the unmistakable voice of the Communist Party's secretary general come over the line:

"I'm calling you because I read in YA that I'm going to see Tierno to ask him to kick Councilman Adolfo Pastor off his government team. I'm really surprised, though I can imagine what your sources were. I have no intention of purging anyone. It's not my style. Perhaps it's the style of the people who are afraid I might do it, which I won't."

"So you don't plan to meet with the mayor of Madrid?"

"That's absolutely right. I'm telling you, it's not my style. Anyone who thinks that I'm going to purge him because he's part of the Carrillo faction is mistaken. I'm the secretary general of the PCE and I don't resort to maneuvers like that. Perhaps some people subconsciously fear something that I'm not going to do."

"It seems that some people from the Carrillo faction have already been purged outside Madrid."

"I have no idea. I don't think so; that's not what we want."

And then Gerardo Iglesias said good-bye, asking me to clarify that he has no desire to purge anyone. It has been clarified.

It seems that the PCE's National Secretariat has not taken up the status of Communist councilmen in the Madrid city government, inasmuch as it is up to the regional committee to take action against party members who hold posts in the region. The new regional committee will be formed next Sunday, and communist sources have told us that one of the first issues that it will address will be the status of the Carrillo people in local government in the province, including the autonomous community, where there are seven of them versus two from the official party.

The new regional committee could remove Adolfo Pastor only from his post as spokesman of the Communist group in the Madrid city government, since only the mayor could fire him from his other current positions as fourth deputy mayor and head of the supply and consumption area. Communists do not hold government posts in the autonomous community, and thus the decision could boil down to keeping or replacing spokesman Lorenzo Hernandez, who belongs to the Carrillo faction.

In statements over the radio yesterday, Juan Francisco Pla, a member of the PCE Central Committee, confirmed that the new regional committee would make the decision on the Carrillo backers in Madrid and that the National Secretariat would not take up the matter.

Barranco: "We Will Not Intervene"

The first deputy mayor of Madrid, Juan Barranco, told this newspaper yesterday that no communication whatsoever has been received from the PCE National Secretariat. "In any event," Barranco said, "we have no intention of getting mixed up in the internal affairs of another party. We will honor our commitments to the PCE. Both Adolfo Pastor and the other two communist councilmen from the official faction have positions of responsibility in the city government, and we will retain them."

Separately, the regional committee of the PCE has made public a note in which it says, among other things: "Gerardo Iglesias and the PCE National Secretariat are stepping up the pace of the purges and getting set to consummate the PCE split in Madrid this weekend by preparing to purge several people who hold public office. Such an insane move would be detrimental to the municipal government and, therefore, to our fellow citizens."

Although Gerardo Iglesias has personally denied it to YA, the councilmen from the Carrillo faction who hold public office fear that they will be purged imminently, as do other Communists who have technical positions in the areas of power of the incumbent councilmen.

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POLITICAL

SPAIN

VOTING PREFERENCES CONTINUE STABLE

Madrid CAMBIO 16 in Spanish 13 May 85 pp 26-29

[Text] Throughout the past 2 months there have hardly been any changes in voting intentions. The Socialist Party is situated above 42 percent, and the Popular Alliance, at 28 percent. The variations for the other parties are minor, except in PRD [Democratic Reformist Party], Miguel Roca's Reformist Party which has received the worst results since its creation. The incipient party has not succeeded in affirming its votes.

The Communist Party, despite its serious internal crisis, has managed to maintain its electorate, and between February and April dropped only by three tenths. Nevertheless, its present expectation of 4.5 percent of the vote now ranks it as the fifth party in the country. Although only by a difference of a tenth, the nationalists of Convergence and Unity of Catalonia exceed the Communists, and, in the "classification," rank as the fourth party, four tenths removed from the Suarists.

It is worthwhile analyzing the behavior of the different classifications in the poll with respect to the two major parties, Socialists and conservatives; because their high percentages allow for an approximation with certain guarantees of reliability. The groups in which PSOE [Spanish Socialist Workers Party] receives the greatest sympathy for votes are the following:

Segments with a greater Socialist inclination: Madrid (51 percent), Andalusia (51 percent), married women (47 percent), unemployed (52 percent), left (56 percent), left of center (76 percent), those undecided in their political tendency (56 percent), workers (57 percent), specialists (51 percent).

Segments with a greater conservative inclination: large towns (32 percent), the two Castillas (30 percent), persons over 40 years old (33 percent), married women (33 percent), retired persons (33 percent), right of center (88 percent), right (88 percent), persons with high standing (43 percent).

One can observe how most of these segments, wherein both parties receive points exceeding their national average, are complemented between the two organizations, except in certain groups (such as married women, for example), wherein both rise at the cost of the other political parties.

In the poll's question asking those interviewed to tell, "If, in these elections, it were a matter of electing the head of the government directly, for whom would you vote?", one notes a recovery for Felipe Gonzalez, who rises two points over the previous poll, thus breaking the decline in his image. With 40 percent of Spaniards willing to vote for him as head of the government, a difference of 2 percent is shown between individuals with the intention to vote for the party and for its leader.

This difference is excessive insofar as Manuel Fraga is concerned: 16 percent would vote for Fraga to go to Moncloa (28 percent, for AP [Popular Alliance]); in other words, 42 percent of the Popular Alliance voters do not seem very enthusiastic about the idea of having their leader as head of the government. It is difficult to ascertain who the AP voters who would not vote for Manuel Fraga are; but, analyzing the "leading areas" in the survey, we can say where they are located. The segments voting for him under his national average of 16 points are: Madrid, Catalonia, the Basque Country, those under 40 years of age, the unemployed and manual workers.

Fraga's own voters would vote for him by 81 percent (6, for Miguel Roca; 4, for Adolfo Suarez; and 3, for Felipe Gonzalez). The Socialist voters would vote for Felipe Gonzalez by 89 percent (3, for Adolfo Suarez; 2, for Miguel Roca; and 1, for Miguel Fraga).

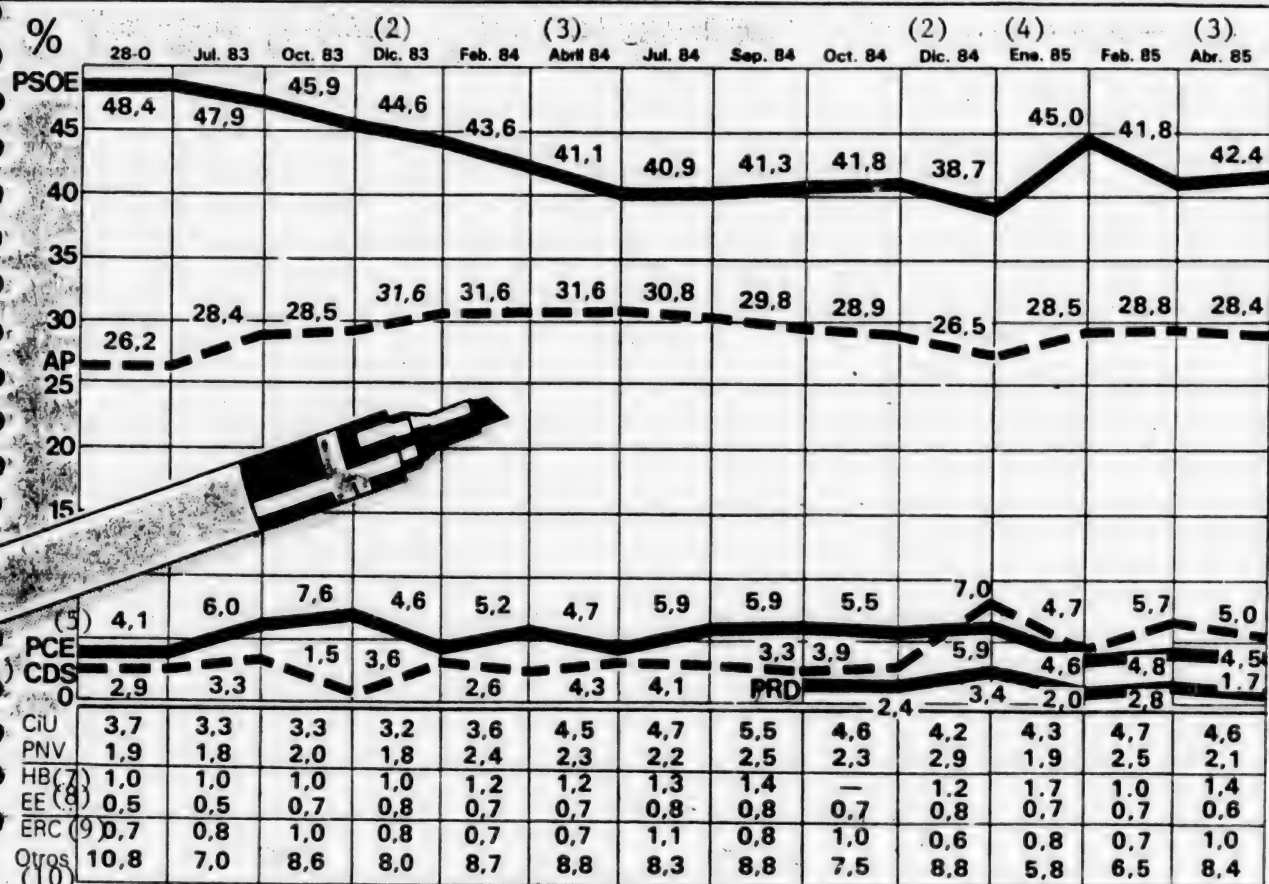
Adolfo Suarez and Miguel Roca are still virtually tied in their percentages. The preferences for these two leaders and their respective parties indicate that the voter most identified with Roca is located in the right of center, while the one most identified with Suarez is of the center-center.

A quarter of those polled are not satisfied with any of the four leaders proposed in the survey as head of the government. They are primarily young people, the Basque Country and individuals more of the left and more of the right who claim that neither Felipe, nor Fraga, nor Suarez, nor Roca is their choice for head of the government.

Technical Record of the Poll

Universe: persons over 18 years of age residing on the peninsula and in the Balearic Islands. Sample: 1,291 interviews selected in multiphase fashion using quotas, with a margin of error of ± 2.8 percent. Field: from 15 to 17 April 1985. Execution: ECO, Commercial and Opinion Studies, Inc (member of Aneimo), exclusively for CAMBIO 16.

(1) Evolución de las expectativas de voto



Key to Table 1:

1. Changes in voting expectations
2. December
3. April
4. January
5. Spanish Communist Party
6. Social Democratic Center Party
7. Popular Unity
8. Basque Left
9. Republican Left of Catalonia
10. Others



Key to Table 2:

1. Whom would you elect for head of the government?
2. December
3. January
4. April

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POLITICAL

SPAIN

POLLS INDICATE PSOE MAINTAINS COMMANDING LEAD

Madrid CAMBIO 16 in Spanish 5 May 85 p 19

[Text] Madrid--It would not be rash to claim that the achievement of the accord with the European Economic Community (EEC) has brought the government party an increase in voting expectations. If the elections were held now, PSOE [Spanish Socialist Workers Party] would again attain an absolute majority, with 40.6 percent of the vote.

Meanwhile, the parties comprising the Popular Coalition only show 13 percent of the vote, having lost nearly half since the last elections took place in 1982.

The PCE [Spanish Communist Party] maintains approximately the same percentage of votes (it has even gained 0.6 percent), although it has lost a few tenths during the past 2 years. In any event, it may be claimed that, despite its serious internal problems and repeated secessions, the Communist bloc has kept its electoral holdings almost intact.

This holds true of the two major nationalist parties, the Catalanian and Basque (CiU [Convergence and Unity of Catalonia] and PNV [Basque Nationalist Party]), whose voting expectations for the coming general elections might give them, it would appear, the same results as in 1982.

The party showing a notable increase is Adolfo Suarez' Social Democratic Center Party [CDS], which has now crossed the "psychological barrier" of 5 percent, and for the first time has exceeded the other minority parties, a position that ranks it now as the country's third-place electoral force.

According to this poll, the Democratic Reformist Party [PRD], led by Garrigues and Roca, would receive 2.7 percent of the vote. Although its political career is still brief, the percentage attained is not to be underestimated.

Finally, there are still 18 percent of Spanish voters who don't know or refuse to state the party for which they would vote in the next elections. In view of the fact that the ceiling reached by the government party is virtually impossible to exceed, it would be a suitable guess that this nearly a fifth of undecided voters might head toward the parties of the center and right, distributed in proportions that would be difficult and hazardous to estimate.

It should be noted that the undecided group is becoming increasingly smaller, as we approach the holding of elections; which would enable us to predict for the next occasion a greater crystallization of the electorate around the three major political movements of the left, center and right, conduct that would appear to be logical and explainable on the fourth occasion that Spaniards will be called upon to elect the legislative chambers.

In the category of "other parties," there appears 1.8 percent of the voters, who would be inclined toward an electoral offer from "right wings" other than those mentioned; while 4.9 percent would elect leftist parties the enumeration of which would represent a long list of no fewer than a dozen.

Noteworthy among the regional parties is Herri Batasuna [Popular Unity], with 0.8 percent of the vote on the national scale, a percentage very similar to the results accrued in the last elections. Considered as a whole, this group of "other parties" has not shown any changes.

In addition to the foregoing percentages, always reckoned on the basis of the "voter" concept, that is, those who stated in the poll their willingness to exercise their right to vote, are the "non-voters," who expressly state their intention of not going to the polls. These abstentionists total 22.8 percent of the sample interviewed, a percentage similar to that obtained in the previous elections.

Technical Record of the Poll

Madrid--Plan and technical direction: The poll was planned and directed by the Studies Service of EL PAIS.

Universe: Spanish population over 18 years of age, residing in any part of the national territory.

Sample: 1,290 individuals.

Type of sampling: random, using personal interviews, following a multiphase, stratified method based on regions and habitats, establishing a proportional number of interviews for each stratum of the population.

Selection of final sampling unit: The final selection of individuals to be interviewed was made through random itineraries and selection based on age and sex quotas.

Design of the questionnaire: structured with closed questions and answers.

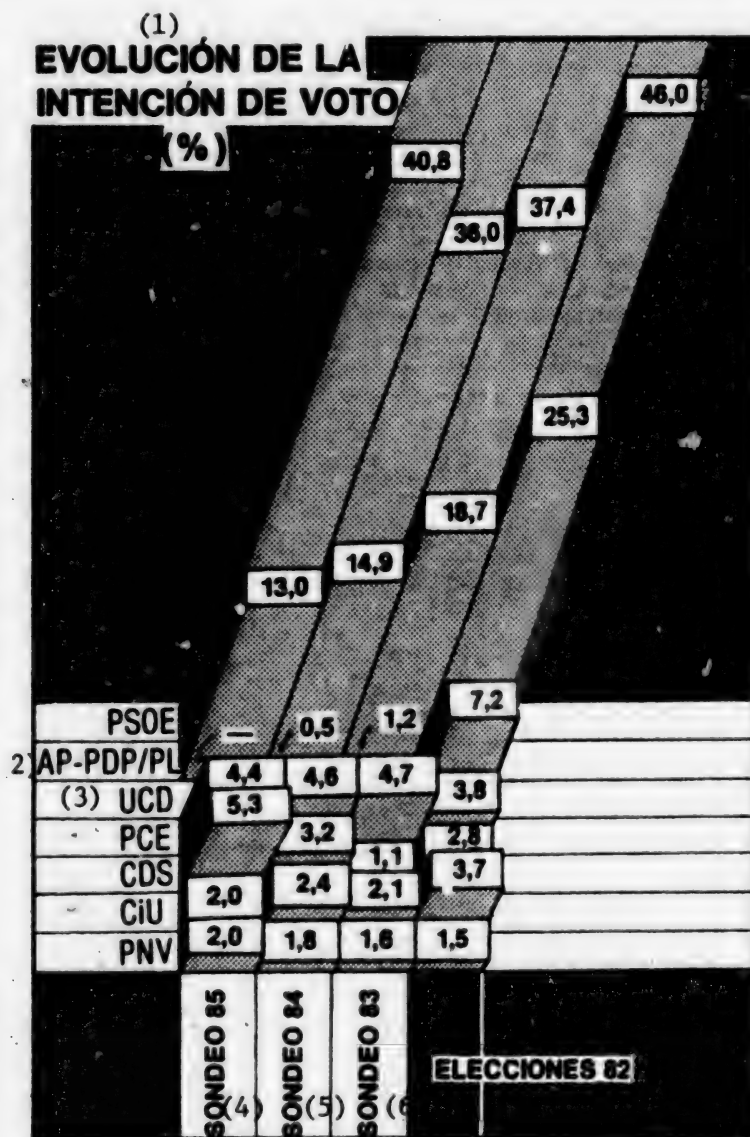
Maximum limit of error: estimated at ± 2.8 percent (2 sigma = 95 percent of probabilities for the national total). As the number of sample elements in the variables used in the analysis declines, the limit of error increases.

Dates of execution of the field work: 8 to 17 April 1985.

Field work: done by a team of 25 interviewers associated with the ALEF company, which has supervised 20 percent of the interviews at random.

Statistical treatment: single crossed tabulation analysis plan, using BARBRO data processing program. Execution: ODEC.

Technical standards: The poll meets the compulsory technical standards derived from the code of legal practices on publication of opinion polls issued by the European Association of Market and Opinion Studies (ESOMAR).



Key to Table 1:

1. Changes in voting intentions
2. Popular Unity-Popular Democratic Party/Liberal Party
3. Democratic Center Union
4. 1985 poll
5. 1984 poll
6. 1983 poll
7. 1982 elections

(1) INTENCIÓN DEL VOTO (%)				
	(2) Sondeo 1985	(3) Sondeo 1984	(4) Sondeo 1983	Elecciones (5) 1982
PSOE	40,8	36,0	37,4	46,0
AP-PDP/PL	13,0	14,9	18,7	25,3
UCD	—	0,5	1,2	7,2
PCE	4,4	4,6	4,7	3,8
CDS	5,3	3,2	1,1	2,8
CIU	2,0	2,4	2,1	3,7
PNV	2,0	1,8	1,8	1,5
PDR	2,7	—	—	—
Otros derecha (6)	1,8	3,8	5,5	9,7
Otros izquierda (7)	4,9			
Otros regionales (8)	4,3			
NS/NC (9)	18,8	32,8	27,7	—
Base: total votantes. (10)				

Key to Table 2:

1. Voting intention (%)
2. 1985 poll
3. 1984 poll
4. 1983 poll
5. 1982 elections
6. Other right wings
7. Other left wings
8. Other regionals
9. Don't know/no answer
10. Base: total voters

2909

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POLITICAL

SPAIN

APPROVAL OF ADMINISTRATION DECREASES, NATO ENTRY GAINS

Madrid ACTUALIDAD ECONOMICA in Spanish 2 May 85 pp 14-17

[Text] Not even the persistence of the state news media in airing the political success of the agreement for Spain's entry into the EEC has succeeded in restoring the deteriorated image of the government and its prime minister, Felipe Gonzalez. The only winners in this 17th survey by "Barometro" have been the minister of foreign affairs, Fernando Moran, and NATO.

On Thursday night, 28 March 1985, there occurred the resolution for the entry of Spain and Portugal into the European Economic Community (EEC). In addition to the indisputable historic significance which all sectors of economic activity have weighed properly, that event was assumed to have the capacity for restoring the government's popularity upon the approach of the next general elections. Nevertheless, the reaction from the public did not prove to be exactly so.

At present, the prime minister, Felipe Gonzalez, has lost 1.4 points in his "good" evaluation, rising 2.1 points in the "poor" one. The result is that his neutral vote (the net difference between the former and the latter) stands at only 10 positive points, the lowest standing since "Barometro's" surveys began in December 1983.

The same fortune befell the government, which retained the "good" evaluation, while the "poor" one increased 2.7 points, ending the month with a loss of 3.6 points in the neutral vote, which is also a record for "Barometro's" 17 surveys.

These probably unexpected losses in the image of the government and its prime minister may be based on very different causes. In the first place, it might be thought that the government has collected in advance the assets in popularity that Spain's entry into the EEC might generate. In fact, the public had been previously prepared so persistently that it might have considered entry into the European Community an almost natural event, and have detracted any particular merit from the government which completed the negotiations.

On the other hand, Spain's entry into the EEC has coincided in time with another controversy with a major impact on Spanish public opinion: the next to last debate on abortion. Because of this, "Barometro" has detected a critical

radicalization of the Alliance voters with respect to the government and the prime minister, which is the mathematical explanation for the losses in popularity noted.

Moran Takes Off

At least over the short term, the Brussels accord has not been translated into a heightening of the Socialist government's image, but it has caused two concrete events: the rise in popularity of the minister of foreign affairs, Fernando Moran, and a major change of opinion regarding Spain's entry into NATO.

In this 17th survey, the popularity index of Fernando Moran attained the record level of 46.9 percent, 5 points more than in February, and nearly 9 whole points ahead of the one immediately following him, Vice Prime Minister Alfonso Guerra. When that popularity is viewed from the various electorates, Moran is still the choice of the Socialist voters, with an index of 58.9 percent; of the Communists, with 50.5; and even of the Alliance members, with 34.9. It would appear that Moran's diplomacy has gained not only the signing by the Ten, but also very general applause among the Spanish public.

More Advocates of NATO

As for NATO, deeds and not words are what might change the opinion of the Spanish people, based on the latest data. For some time, the government has been striving to convey to Spanish society the irrevocable nature of our remaining in NATO, and also to point out the relationship between remaining in that organization and the entry into the EEC. Nevertheless, until very recently the opinion favoring our egress from the former marked the absolute majority of the electorate expressing a view.

On the other hand, since the accord with the EEC, the forces have tended toward a certain restoration of balance. Whereas, last month, those favoring leaving NATO (48.4 percent) exceeded those advocating remaining (31.4 percent) by 17 points, this month the difference is only 6 points. The opponents of the Alliance have declined to 41.4 percent, and the advocates are now 35.4 percent.

Furthermore, if one considers the fact that there are 23.2 percent undecided (3 points higher than in the previous month), one can infer that the results of a possible referendum on whether or not to remain in NATO are unpredictable. If, as announced, Spain's entry into the European Economic Community is formalized in March of 1986, and the referendum is held only 2 months thereafter, the government would have the best chances of acceptance for its proposal to remain in NATO.

The study of the opinions regarding NATO, based on the parties' different clienteles, shows that the Communists are maintaining their radically opposing position. The Popular Alliance [AP] voters remain in the opposing position, with half of them favoring total integration. It is the Socialist voters who

indicate the decline in the number of those favoring egress, with a reduction from 56.9 to 48.2 percent. Because of their quantitative weight and their possible changes of opinion, it will obviously be these latter who will decide the fate of the aforementioned referendum.

The Centrists, for Suarez

Despite the much-discussed accord with the Community, the intention of voting for PSOE has had a fate parallel to the assessment of the government and the prime minister: There is a decline of 2.4 points in the intention to vote, with a projection of undecided. Without reaching their lowest point (September 1984), they have not attained their average intention of voting during this period, and they stand 10 whole points from their results in October 1982. The Alliance voters have risen again (2.6 percent), fulfilling the inexorable profile of ups and downs already familiar, which has saved them from serious losses, but also kept them from significant gains. The deepseated crisis that it is experiencing has again cost the PCE [Spanish Communist Party] a point, although it remains above its vote in October 1982. From an electoral standpoint, CDS [Social Democratic Center] is ahead of PCE, confirming the good expectations of 2 months ago, and has pulled away completely from a PRD [Democratic Reformist Party] which has returned to anonymity. The PNV [Basque Nationalist Party] has recovered from its crisis, and CiU [Convergence and Unity of Catalonia] is continuing well above its status in previous legislative elections.

Technical Record

Direction: Communication Techniques, Consultants, Inc.

Execution: Sigma-Dos, Inc.

Universe: persons 18 years of age or older.

Environment: Spain, with the exception of the Canary Islands, taking 11 autonomous regions as a sample.

Sample: 1,111 interviews with a possible error of ± 3 percent for a confidence interval of 95.5 percent and $p/q = 50$, based on the Arkin and Colton tables.

Selection: random, based on the random route method, supplemented with the correction system of quotas based on sex, age and occupation.

Interviews: conducted through personal visits to the domicile.

Dates of field work: 8-15 April 1985.

LAS HORAS MAS BAJAS DEL PRESIDENTE

(1)

(2) ¿Qué opinión tiene usted del actual presidente del Gobierno, Felipe González?

(3) 


	(7) Dic. 83	(8) Abr. 84	(9) Ago. 84	Dic. 84 (10)	Ene. 85	Mar. 85	Abr. 85
Buena (11)	54,1	48,6	45,3	39,8	36,8	38,2	36,8
Regular (12)	29,2	30,3	31,4	35,6	37,5	35,5	33,1
Mala (13)	12,3	18,3	19,8	20,5	22,3	24,7	26,8
Voto neutro (14)	41,8	28,3	25,5	19,3	14,5	13,5	10,0

(5) 

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	38,5	26,7	17,6	15,7	8,2	16,5	11,9
Regular	35,0	30,0	36,3	38,1	51,5	34,1	29,0
Mala	21,4	38,3	40,2	39,0	40,1	47,7	56,3
Voto neutro	17,1	-11,6	-22,6	-23,3	-31,9	-31,2	-44,4

(4) 

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	77,4	73,5	69,2	61,3	64,7	58,6	61,1
Regular	17,9	20,0	24,3	27,9	24,9	31,5	28,0
Mala	3,2	3,4	5,3	9,9	8,6	9,0	9,3
Voto neutro	74,2	70,1	73,9	51,4	56,1	49,6	51,8

(6) 

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	50,0	22,9	33,3	14,8	14,3	24,5	27,4
Regular	29,2	45,8	24,2	50,8	46,4	49,0	49,3
Mala	18,8	31,3	39,4	32,8	37,5	26,5	23,3
Voto neutro	31,2	-8,4	-6,1	-18,8	-23,2	-2,0	4,1

Key to Table 1:

1. The prime minister's worst times
2. What is your opinion of the current prime minister of the government, Felipe Gonzalez?
3. Total
4. Popular Alliance
5. Spanish Socialist Workers Party
6. Spanish Communist Party
7. December
8. April
9. August
10. January
11. Good
12. Fair
13. Poor
14. Neutral vote

EL EJECUTIVO PIERDE VOTOS NEUTROS

(1) (2) ¿Qué opinión tiene usted del actual Gobierno de la nación?

(3) [Redacted]


(4) 

	(7) Dic. 83	(8) Abr. 84	(9) Ago. 84	(10) Dic. 84	(11) Ene. 85	(12) Mar. 85	(13) Abr. 85
Buena (11)	39,4	35,5	32,7	27,8	28,3	28,0	27,8
Regular (12)	38,5	36,0	38,7	40,9	40,7	40,6	37,2
Mala (13)	17,6	24,4	24,5	26,5	27,2	28,7	31,4
Voto neutro (14)	21,8	11,1	8,2	1,3	1,1	-0,7	-3,6

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	65,5	62,3	55,5	45,6	52,8	48,3	52,7
Regular	29,8	28,1	34,9	38,9	35,6	39,0	33,4
Mala	3,7	6,0	8,1	12,9	9,8	11,2	12,0
Voto neutro	61,8	56,3	47,4	32,7	43,0	37,1	40,7

(5) 

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	19,6	12,5	7,8	8,1	6,8	5,1	5,8
Regular	40,2	33,3	41,2	35,4	39,4	35,8	27,6
Mala	35,1	51,7	48,0	49,3	53,1	58,5	64,1
Voto neutro	-15,5	-39,2	-40,2	-41,2	-46,3	-53,4	-58,3

(6) 

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Ene. 85	Mar. 85	Abr. 85
Buena	35,4	14,6	24,2	13,1	12,5	22,4	20,5
Regular	39,6	52,1	33,3	45,9	41,1	40,8	53,4
Mala	25,0	31,3	39,4	39,4	44,6	34,7	26,0
Voto neutro	10,4	-16,7	-15,2	-26,3	-32,1	-12,3	-5,5

Key to Table 2:

1. The executive branch loses neutral votes
2. What is your opinion of the current government of the nation?
3. Total
4. Popular Alliance
5. Spanish Socialist Workers Party
6. Spanish Communist Party
7. December
8. April
9. August
10. January
11. Good
12. Fair
13. Poor
14. Neutral vote

(1)

DESPUES DE LA CEE, LA OTAN

(2) En su opinión, ¿qué tipo de relación debería mantener España con la OTAN?

GLOBAL

(3)

	(7)	Dic. 83	(8)	Abr. 84	(9)	Ago. 84	Dic. 84	Feb. 85	Mar. 85	Abr. 85
Integración total (10)	13,7	18,4	11,2	13,0	15,4	13,8	15,8			
Integración sólo en la organización política, pero no en la militar (11)	20,0	17,1	17,9	19,4	19,1	17,6	19,6			
Salida total (12)	49,2	41,8	48,4	46,8	46,5	48,4	41,4			
No sabe/No contesta (13)	17,1	22,7	22,5	20,8	19,0	20,2	23,2			

(5)

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Feb. 85	Mar. 85	Abr. 85
Integración total	38,5	50,8	31,4	35,4	41,2	50,0	48,8
Integración sólo en la organización política, pero no en la militar	23,1	16,7	31,4	23,0	20,8	23,9	20,5
Salida total	24,8	12,2	18,6	15,5	15,8	13,1	12,6
No sabe/No contesta	13,6	20,3	18,6	26,1	22,2	13,1	18,1

(4)

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Feb. 85	Mar. 85	Abr. 85
Integración total	4,0	6,5	5,6	6,5	5,1	4,7	6,5
Integración sólo en la organización política, pero no en la militar	16,1	18,1	16,5	23,7	21,2	19,0	21,9
Salida total	63,0	52,6	57,9	48,7	58,4	56,9	48,2
No sabe/No contesta	16,9	22,8	20,0	21,1	15,3	19,4	23,4

(6)

	Dic. 83	Abr. 84	Ago. 84	Dic. 84	Feb. 85	Mar. 85	Abr. 85
Integración total	2,1	0,0	3,0	0,0	0,0	2,0	2,7
Integración sólo en la organización política, pero no en la militar	12,5	6,3	6,1	1,3	5,6	10,2	4,1
Salida total	81,3	87,5	84,8	98,5	85,9	85,7	90,4
No sabe/No contesta	4,1	6,2	6,0	0,0	8,5	2,0	2,7

Key to Table 3:

1. After EEC, NATO
2. In your opinion, what type of relations should Spain have with NATO?
3. Total
4. Popular Alliance
5. Spanish Socialist Workers Party
6. Spanish Communist Party
7. December
8. April
9. August
10. Total integration
11. Integration only in the political organization, but not the military
12. Total withdrawal
13. Don't know/no answer

EN BUSCA DEL VOTO PERDIDO

(1) (2) Intención de voto

	(3) Voto 82	(4) Dic. 83	(5) Ene. 84	Jun. 84	Dic. 84	Feb. 85	(6) Abr. 85				
PSOE	48,4	40,3	37,8	34,1	42,0	35,1	41,8	34,5	40,2	34,3	39,6
AP	26,1	24,4	25,8	27,2	29,4	24,7	26,5	23,9	26,8	28,3	29,6
PCE	4,1	4,7	5,1	4,8	5,4	4,9	5,8	5,6	7,4	4,6	5,8
CDS	2,9	2,4	1,6	2,3	3,5	3,8	5,4	4,6	6,5	5,1	6,4
CIU	2,7	3,2	2,6	2,6	3,0	3,2	3,3	2,6	3,1	3,1	3,5
PNV	1,9	1,7	1,6	1,9	2,0	2,0	2,1	1,8	1,8	1,9	2,0
EE	0,5	0,4	0,3	0,6	0,6	0,5	0,8	0,5	0,5	0,6	0,6
HB	1,0	0,8	0,8	0,8	0,8	1,0	1,1	1,1	1,2	1,1	1,2
PRD	-	-	-	-	-	0,5	0,8	1,8	2,1	1,1	1,3
Otros (e indecisos) (7)	12,4	22,1	24,4	25,7	13,3	24,3	12,8	23,6	10,4	19,9	10,2
Abstención decidida sobre censo (8)					12,1		14,0		10,6		12,6

Con proyección de indecisos. (9)

Key to Table 4:

1. In search of the lost vote
2. Voting intention
3. Vote 1982
4. December
5. January
6. April
7. Others (and undecided)
8. Abstention decided in census
9. With projection of undecided

2909

CSO: 3548/132

POLITICAL

SWEDEN

PALME'S 'BRAIN TRUST' BEHIND STRIKE INTERVENTION DECISION

Stockholm DAGENS NYHETER in Swedish 21 May 85 p 3

[Article by Ake Ekdahl]

[Text] Prime Minister Olof Palme's decision to clear the way for a settlement of the TCO-S [Government Employee Section of the Central Organization of Salaried Employees] conflict will not necessarily set a precedent for future wage negotiations. The current situation, limited in scope, was unique.

That was the assessment made within the government by a small inner group of cabinet ministers when the leaders of the TCO-S met with Palme last week.

In weighing the risks involved in interfering in the wage negotiations, an important factor was the lull in the arbitration process.

At the same time, there were reports from the Ministry of Industry concerning the danger that vital sectors of the Swedish export industry would be brought to a standstill as early as this week by a shortage of raw materials. As one example, the paper industry was without essential chemicals, and layoff notices were imminent.

Palme had already decided during the government's strategic talks concerning the conflict that the time was ripe for the prime minister to take command.

The cabinet ministers most closely involved were Minister of Labor Anna-Greta Leijon, Minister of Civil Service Affairs Bo Holmberg, and Minister of Finance Kjell-Olof Feldt.

The one in the most sensitive position was the minister of finance, who had stated publicly that the government would not allow the government employees a single ore above the limit this year.

The day after Palme held his secret talks with the TCO-S leadership, the minister of labor urged the mediators to call for new talks. She suggested at the time that new arbitration might be successful, since new indications to that effect had appeared over the preceding 24 hours. What those signs involved in detail was not revealed.

Explanation Requested

That stirred up Liberal Party member Ingemar Eliasson, who spoke up in Parliament to ask the minister of labor why the mediators had not been informed of the talks between the prime minister and the TCO-S. He also wanted to know whether Palme's action indicated confidence by the government in the work of the mediators.

Minister of Finance Feldt refused on Monday to comment on the settlement. In a written statement from his ministry, he is having it announced that the rise in wage costs in the case of government employees is being held to 5.2 percent this year and that that is practically within the limit on cost increases on which agreement was reached during the Rosenbad talks.

In Parliament on Monday, the opposition was extremely critical of the prime minister's intervention: Palme's action had undermined respect for the Swedish negotiation model; the mediators and employers had been brushed aside; and the government had triggered a conflict by its clumsy handling of the matter and was now trying to take the credit because the conflict was resolved--those were the general comments.

Liberal Party leader Bengt Westerberg said that the national economy was paying an unreasonably high price so that Palme could play hero and that the cost ought to be charged to the Social Democratic campaign budget.

Conservative Lars Tobisson said that the wage increase just granted would be made the basis in December for next year's negotiations. The wage talks are being complicated by ever-increasing add-ons.

The agreement now reached means that the income goal resulting from the talks at Rosenbad between the government and the labor market is being circumvented and that wage costs are being rolled over to 1986, said Olof Johansson of the Center Party.

The economic consequences of the conflict involving government employees and the government's new emergency package have increased tensions as this Parliament approaches its final stretch. The nonsocialist parties used their veto power on Monday to extend to 8 days the deadline for private members' bills on the government's austerity package.

The government had wanted to give the opposition only until Thursday of this week to write its counterproposals, but Parliament has now decided to extend that deadline until Tuesday of next week.

Tax Rebate

Essentially, the nonsocialists are opposing the proposals for a higher purchase tax on motor vehicles, a higher stamp tax on the registration of real estate, a greater confiscation of cash from business, and restricted consumer credit. Instead, they are proposing that the government's 600-kronor tax rebate be eliminated. That would have an immediate effect on the public's purchasing power.

During Parliament's additional minidebate on the budget and government policy on Monday, it was emphasized that Parliament had not even had time to begin debating the government's supplementary budget bill before it was time for a new panic package.

The new package confirmed what the opposition had been saying all the time: Sweden is on the wrong path. The nonsocialists maintained that the new bill, submitted too hastily, was complicating the work of Parliament. It was said that the acute problems triggering the foreign exchange crisis and the wage tangle should have forced the government into entirely new assessments of the economy.

Conservative Lars Tobisson said: "The government has failed with the wage policy in its own bailiwick, both for this year and for next year."

11798

CSO: 3650/244-A

POLITICAL

SWEDEN

GOVERNMENT'S 'SHOCK PACKAGE' ADDS NEW ELEMENT TO CAMPAIGN

Stockholm DAGENS NYHETER in Swedish 25 May 85 p 8

[Commentary by Sven Svensson: "All Parties Equally Emptyhanded After the Election"]

[Text] The Riksdag session for election year 1985 is approaching the end. On the Tuesday following Whitsuntide the opposition parties will present their motions on the government's latest 'shock package,' with increased interest rate and doubled excise tax on automobiles as the leading issues. Thereby the foundation is laid for perhaps the hardest election campaign within living memory.

From the side of the nonsocialist opposition there will be a clear and unequivocal no to the government's austerity package. The opposition does not care a fig for the government's current economic policy.

The last resort of the opposition is whether the government's tax rebate of 600 kronor is sufficient for vacation. The nonsocialists loudly say no to this unlikely attempt to put the unions in a good humor.

Before the Riksdag election the nonsocialist parties are spiteful about the economic failures of the government. But perhaps they are rejoicing too soon?

The economic policies of the nonsocialists are really only effective until 11 June, when the Riksdag will have its final economic debate.

After 11 June the government and the opposition will be about equally empty-handed. Everyone knows that something unpleasant must happen after the 15 September election day, but nobody will disclose what it is. It might scare the voters away.

The big problem is that all the curves are suddenly pointing in the wrong direction. The foreign trade deficit just grows and grows, the national budget deficit is increasing, and inflation is two or three times higher than the announced three percent goal.

The nonsocialist parties agree on certain principles, but not on how these principles should be translated into action after a change of government. They agree that taxes should be reduced, but not on how much. They agree that funds should be collected from the municipalities, but not on how much and in what way. They agree that an austerity package is needed, but not on what it should look like.

A nonsocialist government would inevitably be confronted with a growing deficit in the balance of trade, especially if the nonsocialist prophets prove to be correct. That puts clear and obvious restrictions on the economic policy which a nonsocialist government would follow before the fall of 1985.

The economic platform of the Conservative Party contains large income tax reductions during 1986. That would lead to increased buying power for those with higher incomes, and place further strains on the trade balance. At the same time the unions, which represent those with lower incomes, will push for increased wages in the next wage negotiations.

The Conservatives furthermore promised a large austerity package, on paper anyhow. This austerity package would naturally hit lower income people, and to a lesser extent people who would be pleased by large reductions of the income tax.

A conservative economic policy in 1986 would cause great strains on the trade balance, and a complicated wage agreement would become still more complicated.

In the 1982 election campaign the Social Democrats succeeded in keeping it a secret that they expected to carry out a strong devaluation following the election. This time the economic reaction has come sooner than the election strategists expected. It has made inroads in the party's credibility with their own voters.

There is a corresponding requirement for credibility in the nonsocialist parties, especially underscored by the big civil service employee conflict. In today's situation, with deteriorating trade balance and complete chaos on the wage market, it is desirable to withhold the Conservatives' promises of tax reductions, otherwise the Social Democrats will hold the trumps.

9287

CSO: 3650/246

POLITICAL

SWEDEN

BRIEFS

AID AGREEMENT WITH VIETNAM--An agreement on development aid between Sweden and Vietnam until 1987 has been signed in Hanoi. Vietnam will get 300 million kronor per year in Swedish aid, reports TIDNINGARNAS TELEGRAMBYRA. An agreement was also reached on support for paper production at the Bai Bang factory, and import support which will give Vietnam the possibility of purchasing textiles, raw materials for medicines, insecticides and spare parts. Support to Bai Bang will be continued for 5 years. It is estimated that 80 percent of the aid funds to Vietnam will be returned to Sweden for the purchase of goods and services. [Text] [Stockholm DAGENS NYHETER in Swedish 1 Jun 85 p 10] 9287

CSO: 3650/246

28 June 1985

MILITARY

DENMARK

DEFENSE MINISTER ENGELL EVALUATES NATO BRUSSELS MEETING

Copenhagen BERLINGSKE TIDENDE in Danish 23 May 85 p 5

[Article by Kermit Nørlund: "Denmark Flabby for New 'Footnote' [Negligible Influence] Fight in NATO"]

[Text] NATO countries are expressing "great astonishment" over Denmark's Star Wars debate and are cautioning Denmark against its losing influence. NATO defense ministers are worried about the possibility of a Soviet "blitzkrieg" in Europe.

Brussels. "Denmark is putting itself outside the coming 10 years' debate. Denmark is cutting itself off from influence." Such were the general comments to Danish Defense Minister Hans Engell when he at the NATO defense ministers' spring meeting yesterday gave a briefing on the Danish attitude to the USA's Strategic Defense Initiative--SDI--also known as the "Star Wars Program."

The defense minister reported afterwards that a number of defense ministers from NATO countries had expressed "great astonishment" when he in a number of bilateral talks gave a briefing on the Danish situation after the latest Folketing debate.

Denmark and several other NATO countries were successful in negotiating a paragraph on SDI out of the NATO meeting's final statement. The missing reference to the American space-based defense system is taken as a defeat for the USA, but after the meeting American Secretary of State [as published] Caspar Weinberger, among others, declared that a defense ministers' meeting was not the proper forum for a discussion of SDI.

Weinberger

During the official part of the meeting, which lasted a day less than expected, only Denmark and the USA had words regarding the Star Wars Program. Hans Engell on behalf of Denmark gave an account of the situation after the latest Folketing debate and emphasized that Denmark will not take part in SDI and that "Denmark is not able to support wording regarding SDI in future NATO proclamations like the paragraph on SDI from the defense ministers' meeting in Luxemburg." It was, among other things, missing Danish provisos in this proclamation which loosed the latest debate in the Folketing.

Caspar Weinberger dissociated himself from the Danish viewpoints during the meeting, but took note of the Danish position. At a subsequent press conference, Weinberger said: "The Danish Folketing is free to assume any position whatsoever on SDI. It is a question of an invitation from American quarters. And we hope that a number of countries and a number of firms will join in the research contracts which are included in the program,"

Weinberger characterized SDI as "a good thing for us all."

Hans Engell reported after the meeting that a central topic was the strengthening of NATO's conventional armed forces. There is "deep concern" in NATO over the Soviet Union's qualitative and quantitative expansion in all areas within conventional weapons.

"The general assessment is that the Soviet Union is in the process of developing its conventional forces to an extent which will make the USSR think that it can win a war in Europe before NATO is able to mobilize its armed forces. A Soviet victory after a form of blitzkrieg."

For the same reason the ministers approved a general plan regarding how the NATO forces can be improved in almost all areas. The action plan will affect national planning in member countries. According to Hans Engell, the recommendations "fit in well" with the plans which the Danish armed forces have for improvements.

The NATO ministers repeated the objective of a 3-percent real growth in defense budgets, and the Danish minister in this connection gave an account of the Danish armed forces compromise, which has firmly fixed expenditures from now to 1987.

8985

CSO: 3613/154

MILITARY

DENMARK

FOLKETING DEFENSE PANEL CHIEF ON RENEWED SECURITY DEBATE

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 85 p 7

[Article by Thorkild Dahl: "Security Debate to Be Resumed in August"]

[Text] The Folketing's special security policy committee will be able, it is believed, to reach a conclusion during the next Folketing session, believes the committee's chairman, Conservative Group Chairman Knud Østergaard.

Efforts to recreate the truce between the Social Democratic Party and the government parties regarding Denmark's foreign and security policy will probably be resumed at the end of August, the committee's chairman, Knud Østergaard (Conservative Party), tells BERLINGSKE TIDENDE.

The committee's work was interrupted in March by the conflict between the alternative security policy majority, the Social Democratic Party, the Radical Liberal Party, the Socialist People's Party and Socialist Left Party, and the government parties on the other side, regarding the American space defense program--Star Wars. After the majority had enjoined the government to dissociate itself from any research on space weapons, Social Democratic Security Policy Spokesman Lasse Budtz reported that the party is ready to take part once again in the committee's work.

"I will now have a talk with those who interrupted the work and then we will find out when we can get started again. This will take place as quickly as possible, but it will, I think, be difficult to assemble the committee before the end of August," Knud Østergaard says.

From the beginning the committee made a timetable in which the official report regarding Danish security policy in the 1980's--the Dyvig Report--was made the basis of the discussion.

"My basic opinion is that it will be possible to recreate agreement on foreign and security policy, although I perhaps can anticipate disappointments," Knud Østergaard says.

The committee chairman does not want to commit himself to when the committee will now be able to reach a conclusion.

"I hope it can be reached during the next Folketing session. Now we are beginning again, and we will also take some trips if further information and findings are needed," Knud Østergaard adds. A visit to Oslo has been proposed, because Norway has been through the same clarification process regarding equivalent security policy differences of opinion as between the Danish parties. A trip to NATO headquarters in Brussels has also been proposed.

8985

CSO: 3613/154

MILITARY

DENMARK

SDP DEFENSE SPOKESMAN DENIES PARTY OPPOSED TO SUBMARINE ARM

Copenhagen AKTUELT in Danish 17 May 85 p 3

[Article by em]

[Text] The Social Democratic Party has not changed its basic position on the use of submarines in the defense of Denmark. This statement was made by the defense policy spokesman of the party, Knud Damgaard, following the party's promise to take a positive position on the purchase of three Norwegian submarines, built in 1962.

Under the defense agreement, the Danish Navy was to lease three West-German submarines while a study group is finding out whether it will make sense to invest 3 billion kroner in new submarines. Only after the group has submitted its evaluation will the politicians take a position on the matter.

"The only change that has been made is that "leasing" has been replaced by "purchasing," says Knud Damgaard. "The decision to phase out the submarines in 8 years still applies, and we have not committed ourselves to purchasing any new submarines. In negotiations with the navy departments of other countries, it has, moreover, turned out that the Danish Navy will save 125 million kroner by purchasing three Norwegian submarines rather than renting three West German ones. That is money we may very well use for other purposes."

"The Social Democratic Party would like to contribute to a practical solution. The further details will now show whether we shall be able to participate," says Knud Damgaard.

7262
CSO: 3613/157

MILITARY

DENMARK

OFFICERS WOULD SACRIFICE CURRENT READINESS FOR FUTURE STRENGTH

Copenhagen AKTUELT in Danish 18 May 85 p 16

[Article by Erik Matzen]

[Text] In order for the Danish Armed Forces to have a war strength of 72,000 men--of good quality--in 10 years, far more men will have to be drafted for the Danish Armed Forces and the number of reservists recalled will have to be at least trebled. At the same time, it will presuppose far more grants than arranged under the defense agreement, which was concluded between the government parties and the Social Democratic Party.

This appears from the calculations made by a study group within the Ministry of Defense.

Dismissal of 2,300 Men

Top-level officers within the Defense Command desire a larger war strength at the cost of the initial preparedness of the Danish Army to counter the sudden attack by an enemy--a sort of "9 April preparedness."

This would be effected by the dismissal by the Danish Armed Forces of approximately 2,300 professional enlisted privates, who would be replaced by 1,400 conscripts. Such a cut is clearly contrary to the defense agreement, according to which the preparedness will have to be increased.

Conscripts

The study group of the Ministry of Defense has calculated that the number of days for reservists to be recalled will have to be at least trebled to 148,000 days annually in order to achieve the war strength of 72,000 men in 10 years but the condition for the recalling of reservists is that they have beforehand done their military service. This requires far more conscripts and far more money for the Danish Defense Establishment, and even Lieutenant-General Rye Andersen, chief of the total operative strength of Denmark, does not believe in that.

If the Armed Forces dismiss the 2,300 professional enlisted privates, the result will be that units among the engineers and combat troops as well as the artillery will be composed entirely of conscripts, and they will become part of the standing strength at a point of time when they are not capable of solving any actual combat tasks. There will, moreover, be periods of the year when the units will consist of conscripts with less than 6 months of training.

There are some indications that the Defense Command is not entirely happy with this arrangement, for they are also working on a plan involving the complete elimination of the preparedness of the Armed Forces. Under the said plan, the preparedness would instead be left entirely to the Navy at sea, the Air Force in the air, and the Home Guard on land.

7262

CSO: 3613/157

MILITARY

FEDERAL REPUBLIC OF GERMANY

COMPROMISE REACHED ON OFFICER EARLY RETIREMENT

Munich SUEDDUETSCHER ZEITUNG in German 23 May 85 p 1

[Text] Bonn (DPA)--The Bundestag Defense Committee has approved in modified form the controversial draft law for officers' early retirement submitted by Defense Minister Woerner (CDU). Against the votes of the Social Democrats and in the absence of the Greens, the committee on Wednesday [22 May] endorsed the early retirement of only 1,200 officers. At the same time a different way is to be found for using 300 regular officers. Woerner in his draft bill had provided for the early retirement of 1,500 officers in order to improve the personnel structure of the Bundeswehr [Federal Armed Forces].

The chairman of the Defense Committee, Biehle (CSU), told the press that the solution which had now been found was cheaper than any other solutions that had been recommended. He felt sure that the decision of the Defense Committee would be welcomed by the forces as a "wonderful achievement." So far, he said, 341 officers had stated that they intended to take advantage of the opportunity provided by the law to retire early with severance pay.

The decision of the Defense Committee provides that, in addition to the early retirement of 1,200 officers from 1986 to 1991, additional KW (Kann wegfallen [surplus]) slots are to be instituted for 250 line officers. Another 50 regular officers are to be absorbed by civilian officers of the Federal Government.

The cost of the early retirement of the 1,200 officers is set at DM 560 million. A KW position is estimated to cost DM 240,000. Originally DM 652 million had been budgeted for the envisaged early retirement of 1,500 officers.

Biehle reported that all Bundestag committees concerned had approved the draft bill, albeit generally in the old form. There was no doubt that it was not a popular bill, but it was necessary in order to get a handle on the Bundeswehr problems as regards its operational capability and the development of its personnel structure.

The modified version passed by the Defense Committee evidently takes into account the reservations which have been voiced primarily by CSU deputies.

The chairman of the CSU Land group in the Bundestag, Waigel, spoke of a compromise which could be explained to the public. He said that the solution which had been found could be traced to a CSU initiative and talks with Chancery Chief Schaeuble and Minister Woerner. In the opinion of SPD Deputy Jungmann, the draft bill is intolerable from a social and sociopolitical point of view and represents a "deterioration." CDU Deputy Francke, on the other hand, characterized the decision as a "corrective measure."

FDP Deputy Ronneburger recalled the 1979 Defense White Paper issued during the tenure of Defense Minister Apel (SPD) which stated that the Bundeswehr's operational capability was being "seriously jeopardized" by the increase in the average age of officers. Despite the promises made by Apel at the time, nothing was done. Today the Bundeswehr is said to have an officers corps with the highest average age in the world.

8790

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MILITARY

ICELAND

LEFTISTS CHARGE U.S. CHANGING STATUS OF BASE, WAR PLANS

Greater Importance for Keflavik Base

Copenhagen INFORMATION in Danish 20 May 85 p 4

[Article by Jacob Andersen]

[Text] The United States is intensifying its search for Soviet nuclear submarines in the Atlantic. The Soviet Union is responding with a massive naval buildup. This not only threatens Iceland but increases tensions in the entire Nordic region.

An American Kola Peninsula. That is how many Scandinavians regard Iceland--and they are not entirely unjustified in doing so.

The Americans are planning to spend between \$750 million and \$1 billion on their base in Keflavik over the next 5 years. In conjunction with the extensive construction activities in recent years, including the building of reinforced airplane hangars, this tells us something about the military importance the superpower assigns to Iceland.

Keflavik is operated by the American Navy, formally in cooperation with NATO. Its main military task in the past was to keep an eye on Soviet submarines in the strait between Greenland, Iceland and Scotland and--in wartime--to detect and sink them. For this purpose the base is equipped with nine Orion P-3C planes, some of which can be armed with deep-water nuclear bombs. The base's two AWACS planes, the world's most advanced surveillance planes, are also part of this picture.

Modernization

The current modernization plans, to the extent they are known, include replacing 13 Phantom F-4E jets with 18 modern F-15 fighters. Another big item in the investment program is a great increase in the reserves of airplane fuel. Both are signs of the increased involvement of the American Air Force and are connected with the U.S. desire to be able to operate increasingly farther toward the northeast.

A new reinforced command and control center is also part of the program. The United States is also taking part in the construction of a new civil airport building that would be placed under complete American control in wartime.

Espionage System

Icelandic authorities often say that Keflavik and the other American military installations have primarily "defensive surveillance assignments."

Iceland houses a number of different and sometimes overlapping surveillance and communications systems.

One of them involves the two AWACS planes mentioned above, the first of which arrived in Iceland in 1978. American statements indicate that Keflavik will now be supplied with two more AWACS planes, but these reports have been denied by Icelandic authorities.

"Where would they come from? All the existing AWACS planes in the world are already being used," an official told INFORMATION.

He was contradicted by the Icelandic peace movement which pointed to an American congressional resolution concerning the construction of 12 new AWACS planes for surveillance of the American continent:

"This will free others for use in our area or elsewhere and the Americans are very interested in this," one peace activist said.

An important factor in the ability to detect Russian submarines is the Sosos cable between Iceland and Scotland, which presumably has a counterpart in the ocean between Norway and Iceland.

The Sosos networks consist of a number of microphones on the ocean floor (hydrophones) that indicate which submarines can be found in given locations.

Another system is the American DEW network which consists of radar stations from Iceland over Greenland to Alaska and northern Canada.

The original idea behind the DEW network was that it would function as a "trip wire" that could warn the United States in time of an attack by Soviet bombers. At the moment the radar in the DEW network is being renewed. The radar stations will provide a warning if small missiles are used as well as detecting enemy aircraft. At the same time they are being reinforced to withstand an attack on Keflavik itself. In other words, in addition to being a trip wire the DEW network will be part of the overall efforts to build up a surveillance capacity that can make a lengthy war in the North Atlantic theater credible.

Another radar network that has not yet been completed is called the North Atlantic Defense System or NADS for short. NADS includes plans for two

radar stations in the northeastern and northwestern corners of Iceland and other radar installations in Greenland and the Faeroe Islands. NADS is part of the surveillance of the strategically vital strait between Greenland, Iceland and Norway.

Information to United States

Information from the radar stations, the listening cables on the ocean floor and satellites in space is put together in an overall picture that is necessary for directing the course of the struggle.

Some of this work is presumably done in the intelligence center in Rockville, which comes under the biggest and most secret U.S. intelligence service, NSA.

Relevant information can be sent from Rockville to the control and command center in Keflavik. Other information is sent to the United States or England via satellite or via a special radio system (North Atlantic Radio System) that sends signals from enormous screens up into the atmosphere where they are reflected back and received by similar screens in Greenland and Canada.

Iceland under Pressure

Keflavik's increased importance is due to the superpowers' competition in the North Atlantic which has been going on since World War II but has intensified in the last decade.

The buildup of the navies of both superpowers in conjunction with an offensive development in the strategy of the United States in particular have increased the military pressure on Iceland. The main thing for the Soviet Union is to prevent its 45 strategic submarines from being sunk. For both the United States and the Soviet Union the long-range strategic nuclear missiles on the subs are the ultimate trump cards in the policy of deterrence. They are not accurate enough to knock the enemy out of action in a surprise attack. But their destructive force is massive enough to prevent the other side from attempting a "preventive first strike." Most important among the Russian modernization efforts are the 34 strategic submarines of the Delta class that have been launched since 1973. The Delta submarines carry a total of around 400 nuclear missiles which with their range of up to 9500 kilometers can reach the United States from the Barents Sea.

Offensive Strategy

With the longer range it has become unnecessary for the Soviet Union to send the strategic submarines out on the open Atlantic Ocean between Greenland, Iceland and England, the so-called GIUK [Greenland-Iceland-United Kingdom] strait in order to retaliate a potential American attack.

The United States, on the other hand, has tightened its supervision over more northerly ocean areas in an effort to get the upper hand over the Soviet strategic submarine force.

In the new "deep strike strategy" AWACS planes would lead long-range fighter planes to combat submarines as far north as the Barents Sea. American attack submarines would operate beneath the Arctic. New torpedo boats that can be used in all kinds of weather and are capable of penetrating thick ice masses have been introduced.

"That is the only way one can keep them out of the GIUK strait and put them on the defensive from the very beginning," as the American Secretary of the Navy, John Lehmann, put it.

Superior Technology

The United States has a good chance of succeeding. In contrast to the Soviet Union the Americans have an interconnected system of land bases at their disposal and the United States is still alone in possessing aircraft carriers that can provide air support for operations at sea. But the most important thing is that the United States has a vastly superior technology at its disposal when it comes to detecting and destroying enemy submarines.

The Soviet Union cannot threaten the American strategic submarine force. It is spread over all the oceans of the world while the Russians have more than half of their force located in the Barents Sea and the immediate vicinity.

Nordic Region in a Bind

The substantial modernization of the Soviet North Fleet in the 1970's and early 1980's should be seen primarily as a response to the American attempt to bottle it up.

With appropriations for the construction of new destroyers and a single aircraft carrier to begin with, the Soviet Union is trying to move the front away from its vulnerable immediate vicinity to the North Sea and the GIUK strait and at the same time challenge the total air supremacy of the United States.

This has led some people to fear that the Soviet Union will eventually become strong enough to prevent American troop reinforcements from reaching Western Europe in a major European war. The fear has been strengthened by what western military sources call "realistic Soviet fleet maneuvers" in the North Atlantic.

And developments are increasing the superpowers' pressure on Iceland, Greenland, the Faeroes and Norway to such an extent that in the opinion of many peace researchers the Nordic region's status as a low-tension area could soon become a thing of the past.

Leftist Charges 'Dramatic Alteration'

Copenhagen INFORMATION in Danish 23 May 85 p 5

[Article by Jacob Andersen]

[Text] Iceland's left wing calls the American plans for the Keflavik base a "dramatic alteration." The rest of Iceland has not paid much attention.

The civil airport at the Keflavik base in Iceland reminds one more of the railway station in Korsbaek than of the world's leading naval power. And that is the whole idea.

Decades of national struggle against cultural imperialism's most important bridgehead in Iceland has taught the American Navy that Icelanders in general fear culturally-destructive American pop music and styles more than U.S. military activities.

After popular protests in 1974 forced the Icelandic government to arrange a new agreement with the United States, the base's TV transmitter was taken down and the approximately 3000-man force was cut to around 2600, most of them peaceable heads of families.

Since that time the military importance of the base has grown as opposition to it has declined.

"We really don't notice the Americans at all," as one of the employees at the Keflavik base said to Iceland's big conservative newspaper, MORGENBLADET, which in the same article showed him standing on the wing of a Phantom jet fighter which he was filling up with gasoline.

Dramatic Change

Like all good warriors the Americans have learned how to camouflage their presence. Achieving a kind of peaceful coexistence with demilitarized Iceland has become more important as the military importance of the base has grown.

Within the next 5 years the United States plans to spend up to \$1 billion to expand Keflavik and other less important installations in Iceland.

This involves such things as tripling or quadrupling the reserves of airplane fuel and replacing 13 old Phantom jets with 18 brandnew F-15's.

In addition a new command center will be built which like other new buildings will be reinforced so that it is not vulnerable to anything but an unlikely direct Soviet hit.

War Moving Closer

Iceland's left wing sees the military buildup as part of the new U.S. offensive strategy for the North Atlantic--a strategy Iceland has no interest in but which on the contrary turns the country into a likely theater of war.

"As far as I can see we are talking about a dramatic change in Keflavik's military importance," said Steingrímur Sigfússon, a member of Iceland's parliament, the Alting, representing the Socialist People's Alliance.

"The fact that they are building a new military control and command center with steel doors 25 cm thick and cement walls 1 meter thick means that they are afraid of an attack and also that they want to safeguard themselves against being put out of action. What they have in Keflavik must be worth attacking.

"Some say that the United States is turning Iceland into an unsinkable aircraft carrier. I am afraid they are right."

So far the left wing has been unable to mobilize a really forceful debate on security policy either in the Icelandic parliament, the Alting, or among the general public.

One of the ideologists of the opposition to the Icelandic base, Vigfus Geirdal, said:

Peace Escapism

"As in the rest of Europe many people participate in campaigns against nuclear weapons, for example the American Pershing missiles. A large majority of Icelanders sympathize with the drive for a Nordic nuclear-free zone. But along with a generally greater involvement in peace issues, interest in Iceland's own role in nuclear strategy has diminished. People would rather protest against what happens in Germany than against what happens in Keflavik.

"It has been said that we are living with 20th century weapons while speaking a 19th century language. But the Icelandic language actually stems from the days of the Vikings," he added with a wry smile.

No Panic

"What is happening in Keflavik" seldom worries nonsocialist and Social Democratic politicians. The American plans are seen as a restrained modernization in a direct extension of the role the base has played in the postwar period.

The Icelandic government does acknowledge that it has little precise knowledge of security policy conditions in general. For this reason it has been decided to expand the Foreign Ministry with a separate department for defense

matters. And in the future Iceland will participate more actively in NATO meetings "in contrast to the past when we stood outside and washed our hands," as Prime Minister Steingrímur Hermannsson told INFORMATION.

U.S. Strategy Has Little to Do with Iceland

Gunnar Gunnarsson, the only fulltime researcher on the multi-party Security Policy Committee, is not one of the apprehensive Icelanders.

"There can be no doubt that the United States has changed its strategy in the North Atlantic. That is because they are no longer totally dominant. In the past the United States created a defense barrier in the strait between Greenland, Iceland and England. Now they are operating with an offensive deep strike strategy. This includes a capability of waging war with submarines all the way up in the Norwegian Sea," he said.

"But in my opinion this has little to do with Iceland or Keflavik. I see the new strategy as an expression of the Reagan administration. The modernization of Keflavik was planned as far back as 1977, in other words when President Carter was in office," he added.

But he did concede that the military buildup in Keflavik is not exactly in conflict with the offensive American strategy:

"It is obvious that the new F-15 planes mean a substantially increased ability to wage war. An F-15 plane flying out of Keflavik can go as far north as the Norwegian island of Jan Mayen.

"The expansion of the oil facilities can also be regarded in this light. In my opinion this will extend fighting capability from 10 to 45 days," said Gunnar Gunnarsson.

Base in Town

Neighbors of the base in Sudurness do not feel particularly threatened by the presence of the Americans either:

"When we ask people if they are aware that they are living in the middle of a target area, they say: 'Fine, then we'll die right away,'" said Johan Geirdal, who is the only one to represent opposition to the base on the Keflavik town council.

He feels the base has distorted business and population developments in the whole area:

"A security zone has been placed around the base which prevents development in the small village communities on the cape. At the same time the Americans are locating base facilities outside the actual base area to an increasing extent. These two things together make us extremely dependent on them."

Around 30 percent of the 7000 people who live in the town of Keflavik work directly for the United States. The Americans pay well. The town of Hafnir, where all 100 inhabitants work for the base, has the highest average income in Iceland. The base also employs many people who would not have an earthly chance on the outside labor market:

"The high wages mean that it is hard to get other business developments going. For example we cannot get hold of bricklayers, mechanics and metalworkers because they would rather work for the Americans. Another result is that the local fishing industry is being starved out. But the protests of local fishermen are no match for real U.S. dollars," said Johan Geirdal.

"People are putting their faith in what is secure, if I may call it that."

Prime Minister Defends Alliance

Copenhagen INFORMATION in Danish 24 May 85 p 2

[Article by Jacob Andersen]

[Text] Reykjavik--"We must either trust the Americans or throw them out," said Iceland's prime minister, who does not want to follow New Zealand's example when it comes to his attitude toward nuclear weapons.

Is the prime minister dreaming?

The prime minister of Iceland, Steingrimur Hermannsson received us in what must be the world's smallest prime minister's office--the former jail from the Danish colonial period--in the center of Reykjavik.

"All people are dreamers," was the answer, friendly, authoritative and somewhat disoriented.

Since the beginning of 1983 he has led Iceland's nonsocialist majority government in which the highly conservative Independence Party is the senior partner. Steingrimur Hermannsson himself comes from the somewhat smaller Progressive Party which has a key position in Icelandic politics that corresponds to the role played by the Radical Liberal Party in Denmark. In spite of the similarity of their names the Icelandic Progressive Party is not the organ for political windbags that the Danish Progressive Party is. As far as security policy is concerned the prime minister's party must speak for both the rural population, which is nationalistic and unimpressed by the United States, and Iceland's enormous monopolistic cooperative movement, which annually earns large amounts of hard currency for goods and services provided for the Americans in Keflavik.

"One of the things I dream about is getting rid of foreign bases. It is not good to have them here. I dream that we and the whole world can agree on detente and arms reduction. Then we wouldn't need the bases.

"But at the same time I ask myself why we have had peace in Europe for more than 40 years. Could it be because of NATO and the Warsaw Pact? Although Iceland has been a member of NATO we have never wanted to share the responsibility. Now the government has decided to set up a separate defense department under the Foreign Ministry. In the future we will attend meetings of NATO's military committee, something we have never done before. We have stood outside and washed our hands."

The proposal for a Nordic nuclear-free zone has the support of leading politicians in all parties in Iceland's parliament, the Alting. Opinion polls show that the idea has the support of a large majority of the population. But proponents in parliament have never succeeded in putting the proposal to a vote and at the recent meeting of foreign ministers in Helsinki Iceland's nuclear policy was viewed as ambiguous. Steingrimur Hermannsson had this to say:

"We have no official position on the zone proposal. We in the government primarily support arms reduction in the world in general. There are no nuclear weapons in the Nordic region and there are no plans to introduce them. But the Nordic countries would be destroyed anyway, just like the rest of the world, if nuclear war breaks out."

But the declaration of a nuclear-free zone might prevent us from having to accept nuclear weapons in a major crisis, thus preventing escalation leading to an actual war, might it not?

"That is a difficult matter. Crises are so varied. We must also ask if it might not weaken NATO if it is clear in advance that certain countries will not accept nuclear weapons. I think it would. That is why we have said that we will never have nuclear weapons here unless their presence has been approved by the government of Iceland."

If Talks Get Serious

But Steingrimur Hermannsson did not consider the debate on a Nordic nuclear-free zone entirely meaningless:

"It has possibilities if one could broaden the zone, preferably to include all of Europe. Our foreign minister, Geir Hallgrimsson, made it clear to his Nordic colleagues that Iceland would like to take part in discussions of the zone if they really get started.

"But a zone in itself is of limited importance if it is not guaranteed by the great powers. Therefore we must at least get the great powers to pledge that they will not use nuclear weapons against the countries in the zone and that they will pull nuclear weapons away from our borders. As far as

Iceland, Norway and Denmark are concerned the matter must first be discussed with NATO.

"At the same time the Soviet Kola Peninsula must be included in the debate. It is next door to Scandinavia and full of nuclear weapons. Is it true that it will be a target area in a war? Will the Soviet Union be willing to pull its missiles out of Kola?

"We must also ask if it is any good to empty countries of nuclear weapons without doing the same thing in the ocean areas around them. Can we reach an agreement with the great powers on eliminating nuclear weapons from the Baltic Sea and the Atlantic Ocean? I think it would be difficult, but here in Iceland we feel it is a necessity to include ocean areas."

The prime minister does not agree with fellow countrymen who fear that the other Nordic countries will implement the zone idea without consulting Iceland.

"It is true that many people in this country are afraid that if this occurs we will be under increased pressure because more nuclear weapons would be concentrated in the ocean close to our shores. I am not too concerned about that. But as I said before, we would like to be included in the zone discussions if they become a reality. It is just that we have a number of questions."

Six months ago members of the Icelandic parliament representing all parties suggested appointing a committee for the purpose of shedding light on some of these questions.

"The proposal is still being discussed by the Alting Foreign Policy Committee. I expect the discussions to be concluded soon."

Will the government support the proposal?

"Well, I suppose so. The government has nothing against it. We have not really taken a stand on the proposal as such. The proposal was made by representatives of all parties and the first advocate for it is the president of my party's parliamentary group. So we have nothing against appointing such a committee--I am now speaking for myself."

Article of Faith

Iceland's government has never decided under what circumstances it would permit nuclear weapons to be brought into the country.

"So I had better speak for myself. The situation has not really arisen for the government. I would personally be extremely conservative in my position. I might even go so far as to say that I would never permit it in peacetime. Who knows if we would be asked in a war? But in peacetime we have rejected plans for stationing deep-water nuclear weapons of the kind that are dropped from airplanes."

If a plane arrived with nuclear weapons on board, would he permit it to land?

"We have never taken a stand on that. The question has never arisen. So I couldn't answer it. But I don't think the planes that come here are carrying nuclear weapons. At least we have never been told that they were. They have never asked for permission."

Would he ask if he had any suspicions?

"I would like to know about it if this is the case. But nuclear weapons are a fact of life. The great powers have lots of them. We know that there are submarines carrying nuclear weapons from both sides in the deep ocean waters around Iceland. Big airplanes fly over Iceland and Scandinavia. They undoubtedly carry nuclear weapons."

And it makes no difference whether or not they land or put into port here?

"We might allow this if there was an accident and there was no danger to our people. In the case of an ordinary military plane we would say no. But I do not think the planes that land here are carrying nuclear weapons."

New Zealand's Footsteps

Has the government ever asked if American planes or ships had nuclear weapons on board?

"No, perhaps the Foreign Ministry has asked. I don't know about that. Most people do not think the planes that land here are carrying nuclear weapons. The Americans have often stressed that they will not move nuclear weapons here without permission. So I don't think they would land here with nuclear weapons. I don't believe they do."

It was recently revealed that the Pentagon has prepared plans to station nuclear weapons in Iceland and other places in the event of a crisis. Doesn't that call for greater vigilance?

"I do not think there is any doubt that such plans have been made at the Pentagon. But the United States says that these were only working plans that have not been approved by the President. That is enough for us. We cannot prevent them from putting their ideas down on paper. The United States has often stressed that nuclear weapons would never be moved here unless permission had been requested. But it is possible that we should keep a more watchful eye on things."

Does Iceland have the capacity to check up if the authorities suspect that a certain ship or plane is carrying nuclear weapons on board?

"Yes, we have an opportunity to supervise what goes on in Keflavik, for example. Traffic control is entirely in Icelandic hands."

Can Iceland inspect certain planes or ships if it wants to?

"We can always prevent certain planes from landing if we are not given permission to inspect them. But I don't think we would ever find ourselves in a situation like that except in a war. And in that case we would certainly not be consulted."

Then Iceland does not intend to be the New Zealand of the North Atlantic?

"No more than any other NATO member. When we feel we have harmony in NATO and with the United States there is no reason to think they will do the opposite of what they have said."

Foreign Minister Hallgrimsson has said that Icelandic authorities are not familiar with American policy and could neither confirm nor deny that certain ships have nuclear weapons on board.

"We know that, certainly. There may be a difference here between ships and planes. But as I said before, we are members of NATO. We must be careful not to make NATO so weak that the alliance becomes worthless. We must rely on American assurances; otherwise we would have to throw the United States out of Iceland."

Whom Can One Trust?

But the prime minister admitted that Iceland is unable to cut off the American connection.

"Unfortunately we are at the center of what may be the most important area if war comes. We cannot do anything about that. We just happen to live here."

Does that mean that they have to cooperate with the United States whether or not they believe in the promises made by the American government?

"Yes, there is no doubt that the majority here would rather be part of the western world. Some 85 percent want to be in NATO and the United States is the great power behind NATO."

Don't some Icelanders feel that freedom from nuclear weapons should involve removing all installations intended for nuclear weapons?

"As far as I know there are no installations of this kind. I would emphasize not permitting missiles or the like. Keflavik is a defensive facility and is primarily intended for inspection purposes."

Then he would not reject nuclear weapons installations in general?

"There is a big difference between missile installations and buildings that could be used for many purposes, for example. For that matter, all buildings

are constructed by an Icelandic firm and the Foreign Ministry has drawings of all of them. They have also told us that there are no buildings in Keflavik that are intended primarily for nuclear weapons."

Primarily?

"Maybe they could put nuclear weapons in a regular ammunition dump, how would I know? At the moment they are building new airplane hangars with walls a meter thick. Maybe they will try to store nuclear weapons there. But I am sure that no buildings are earmarked for nuclear weapons."

Would it be wiser not to ask too many questions?

"We want to know everything that goes on at Keflavik. And we do. All the buildings have been approved by Icelandic authorities, so we know what is going on."

6578

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MILITARY

ICELAND

FOREIGN MINISTER CITES INCREASING USSR MILITARY INTEREST

Copenhagen BERLINGSKE TIDENDE in Danish 30 May 85 p 4

[Article by Michael Kuttner]

[Text] Nearly every day, American aircraft take off to investigate the presence of Soviet aircraft close to Iceland, says the Icelandic foreign minister.

The Soviet Union is displaying increasing interest in the air space around Iceland, and nearly every other day, an aircraft from the American base at Keflavik will have to take off to explore an unannounced Soviet aircraft.

The above statement was made yesterday by the foreign minister of Iceland, Geir Hallgrimsson, at a press meeting held in Copenhagen. The foreign minister is paying a 5-day, official visit to Denmark, invited by his colleague Uffe Ellemann-Jensen.

"There is no reason for the increased Soviet interest in Iceland," Geir Hallgrimsson said. "However, of recent years, the Soviet Union has been increasingly interested not only in us but in the entire northern flank, also the neutral states."

The foreign minister reported an "increasing frequency of Soviet aircraft sighted in the vicinity of Iceland. Nearly every other day aircraft of the Soviet Union are observed close to Iceland, and an American aircraft is subsequently dispatched from Keflavik to take a closer look at the Soviet aircraft."

Asked directly, Hallgrimsson said that he "knew of no instances of Soviet aircraft entering Icelandic territory."

"Iceland, however, keeps a check on a large air space, and all aircraft on their way to that area will first have to announce themselves. Soviet aircraft, however, approach unannounced," said the minister, adding that, "unfortunately, Iceland is not capable of changing its strategic location."

Rockall

The discussions between Geir Hallgrimsson and Uffe Ellemann-Jensen did not least concern Rockall, the small rocky island in the Atlantic. Both Iceland and Denmark lay claim to the island with a view to further explorations of the sea floor surrounding the island. The same thing applies to Great Britain and Ireland.

Hallgrimsson admitted that Denmark and Iceland are on a collision course in the matter, but said that, in the meetings in Copenhagen, it had been agreed to discuss the problems in greater detail in a committee which will initially be composed of government officials from both countries. There is no time schedule for a settlement of the dispute, said Geir Hallgrimsson.

7262

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MILITARY

NETHERLANDS

TECHNICAL, WEAPON IMPROVEMENT IN M CLASS FRIGATES

Amsterdam DE TELEGRAAF in Dutch 15 May 85 p 15

[Article by Henk Knoop: "New M Class Frigate Surprises Friends and Above All Enemies! Warships under Construction in Vlissingen Very Up-To-Date. Battle for the Falklands a Good School"]

[Text] Vlissingen, Wednesday.

The new M class frigates now being constructed by De Schelde in Vlissingen are turning into very up-to-date warships. Not only do they carry a formidable weight of weapons, but through the very latest tricks they are practically invisible to the enemy.

The innovations include the following, among others:

- An improved hull form developed by the Maritiem Instituut in cooperation with the American Navy. This makes it possible for the ship to maintain a high speed even with a rough sea and high waves.

- A stabilizer to reduce roll (the M class frigate is the world's first warship to be equipped with this) also keeps the ship quieter in the water. That is of vital importance for the sensors of the modern weapons systems and in deploying the on-board helicopter. It is also nice for the crew, which stays in good shape longer.

- Extensive insulation and quiet screws enormously reduce the chances of being detected.

- The surface of the frigate is to reflect so few radar rays that in a rough sea it can hardly be distinguished from its surroundings by the radar of guided weapons or aircraft.

- Infrared radiation from the ship is held to a minimum, as is the sensitivity to EMP (electro-magnetic pulse).

(If an atomic bomb explodes hundreds of kilometers in the air, it causes an EMP, which is not fatal to humans but knocks out electrical and electronic equipment in an area the size of Europe. Power generators provide no more

electricity, trains and elevators stop, telephones, radio, and television fall silent, traffic lights will not work, and aviation becomes practically impossible. Too, all household appliances are damaged and knocked out. Protection is provided against EMP by enclosing important instruments on board in metal enclosures, by providing extra fuses, and by using fiber optics cable for connections.)

The lessons that the British Navy learned the hard way in the battle for the Falklands have also been taken to heart by our ship designers.

- Use is made only of materials that are difficult to set afire. Thus there are no deckhouses of aluminum, which it turned out could burn like a torch.
- Separate ventilation systems so that flames and poisonous smoke will not be sucked immediately through the entire ship. That made fire-fighting almost impossible on the British frigates.
- Important functions and sleeping accommodation are scattered over the entire ship so that one hit will not put it out of action immediately.

The M class frigates are also crew-friendly since the crew has cabins for one to nine people. The crew consists of 137 people, one fourth less than on similar ships, which will save 1 million guilders yearly.

Rockets

The armament of the eight new multiple-purpose frigates is simply formidable.

- To combat surface targets they have Harpoon rockets, the American version of the Exocet. This weapon has a range of 110 kilometers.
- The primary air defense is provided by American Seasparrow rockets with a range of 18.5 kilometers. They are installed not on a rotating carriage at the bow, in which case they could not fire astern, but in vertical tubes sunk in the deck on the port side next to the hanger near the stern. The Seasparrow climbs vertically. Its on-board computer calculates itself where it must fly in order to hit the oncoming projectile. Thanks to this ability and to its great range (the British Seawolf covers only 6,000 meters), it can protect an entire convoy.
- If an attacker breaks through this shield, he comes within range of the rapid-fire cannon, 3,000 meters. (This cannon, which has not been chosen yet, can also be used against sea targets.)
- If the attacker survives that too, then he flies into the claws of the super-rapid-fire cannon Goalkeeper. On its own this cannon identifies the enemy, aims, and fires 70 shells a second at a range of up to 2,000 meters.

•Finally, to combat submarines, the M class frigate carries wire-guided torpedoes with a range of 13 kilometers. The target can be detected up to 100 kilometers away by towed sensors.

All in all the new frigate will be a real "mighty mouse." And if against all expectation an enemy should get on board, then it will always be possible to call on the sailors on duty from the watch.

12593

CSO: 3614/87

MILITARY

SPAIN

SENSITIVE ARMY UNITS TO BE TRANSFERRED FROM MADRID

Madrid ABC in Spanish 19 May 85 p 23

[Article by Vera Gil]

[Text] Several hundred soldiers will have to leave Madrid for Badajoz as a result of the implementation of the Army Modernization Plan (META), which affects the organization of the Central and Southern Military Regions this year. The new deployment of the Brunete Armored Division (DAC) will require the transfer of one of its brigades.

Units belonging to the 11th Mechanized Brigade, now stationed in different barracks on the Extremadura Highway (Madrid) will be transferred in the months ahead to Badajoz Province, where the new 11th DAC Infantry Brigade will be located on the base of the current 21st Mechanized Brigade.

This important shift, which is related to the strategic position and traditional deployment of the Brunete Armored Division, would affect a large number of career army men now performing functions in some of the units now stationed at Campamento. The 11th DAC Mechanized Infantry Brigade has some 4,500 men, including officers and enlisted men.

Several Hundred Men

Although official figures have still not been released, military circles speculate that the total number of professional soldiers that will have to leave the capital as a result of this rearm could go as high as several hundred, although the manner and schedule of the transfer are not yet known. The transfer of some units will probably begin this summer, although some of the regiments, such as the 6th Saboya will remain in the Madrid region for some time.

More Equipment

Military sources with whom we talked indicated that the imminence of the changes has roused some concern among the military men who might be affected due to family and professional problems that such transfers mean. The concern is even greater because of the announced reduction in personnel in brigades of divisions deployed in the Central, Southern and Levante Military Regions where the META Plan has started to go into effect.

The reduction in brigade personnel was recently announced following the holding of the last meeting of the High Council of the Army. At that meeting, the Council approved the reduction in personnel of the brigades and, as a counterpart, an increase in equipment for the units.

Changes and Eliminations

Personnel problems, as shown by the reforms included in the Army Modernization Plan, have been brought up on different occasions by the heads of the divisions in which the reorganization is now underway more directly (Brunete 1 and Guzman el Bueno 2). In February, a communique was sent to the army chief of staff (JEME), Lt Gen Saenz de Tejada, in which some of the human aspects were brought up, along with others specifically related to logistics and infrastructure. At one point, the division chiefs even proposed the possibility of holding a meeting to take up all these matters.

In military circles, it is considered normal that the commands of the Brunete and Guzman el Bueno divisions, the two largest in our army, would transmit their impressions to their superiors concerning aspects of the reorganization deriving from the META Plan, which, inasmuch as it involves important changes, eliminations, reassignments and transfers of units and personnel, presents important difficulties in terms of infrastructure and logistics and especially personnel.

It is precisely this last aspect that concerns military men the most. Military sources assured us that the changes would be made so as not to generate additional problems. That is why transfers of professionals from the Brunete Armored Division to Badajoz must be in the smallest possible numbers, despite the obvious problems which the transfer to Badajoz of nearly an entire DAC brigade means.

Whatever the case, it is possible, sources say, that the number of transfers will be substantially reduced since professionals belonging to the 21st Mechanized Brigade now assigned to Badajoz will remain in the Extremadura capital.

11,464

CSO: 3548/133

MILITARY

SPAIN

AIR FORCE INTERESTED IN PURCHASING AWACS

Madrid ABC in Spanish 30 Apr 85 p 25

[Article by Vera Gil]

[Text] The air force intends to achieve autonomy in the area of antiaircraft defense by developing its own program, which in the coming decade could cover the most important air bases and radar facilities. It also hopes to have radar-alert aircraft of the AWACS type, according to Lt Gen Santos Peralba.

Air force sources believe that these are two "legitimate" and "rational" aspirations and they hope for a favorable decision from Ministry of Defense officials to whom they have presented their objective of strength for the coming decade. The same sources believe that on these two points, there is total agreement of all commands and they refer to recent statements made by Lt Gen Santos Peralba, chief of staff of the air force (GJEMA), to Lt Corral Baciero on a special edition of REVISTA DE AERONAUTICA.

Peralba told that publication that "we intend to achieve autonomy in the area of antiaircraft defense and develop a program of self-defense that in the coming decade could cover at least the most important air bases and radar facilities.

"These antiaircraft means which we hope to acquire," he added, "are the same as those which the air forces of other countries now have, surface-to-air missile systems with a radius of 6 to 7 miles and small-caliber conventional weapons.... This program is included in the objective of strength of the air force and its development will not involve staff problems since they are systems that can be operated with semi-specialized training to be done by our personnel."

The air force chief of staff also referred to the need to complement radar cover in order to detect possible incursions of enemy planes flying at low altitudes. "The air force hopes to be able to complement this cover," Santos Peralba told REVISTA DE AERONAUTICA, "with the Grand Combat III Program based on Gapfiller radar that will preferably be mobile and with the acquisition of AWACS, included in the budget for the coming decade."

Santos Peralba said that the AWAC system is not as expensive as normally stated and noted that we could use the 18 E-3A units that NATO now has for

the Atlantic Alliance theater of operations and to which Spain could be connected. "But the air force wants to have its own AWACs because in the face of a local threat, it is possible that we would not be able to have that help.... We believe that we could acquire AWACS of a type similar to those which France has, the E-2C Grumman which are turboprops with more limitations than the E-3A's, but more economical."

The AWAC (Airborne Warning and Control system) system, also known as "Sentry," refers to aircraft capable of detecting enemy planes flying at any altitude.

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CSO: 3548/133

MILITARY

SPAIN

BRIEFS

SANCHEZ LEAVING BRUNETE DIVISION--Div Gen Juan Bautista Sanchez de Bilbao, head of the 1st Brunete Armored Division, the most powerful in the Spanish Army, will soon be promoted to the rank of lieutenant general, meaning he will have to leave DAC. Replacing him at the head of the Brunete, an extreme already studied by the High Council of the Army, may be Brig Gen Francisco Martinez Pariente, who would in that case be promoted to the rank of division general. Martinez Pariente has since November 1983 occupied the post of head of the 11th Mechanized Infantry Brigade, one of the two making up DAC, which he will soon command. This promotion of Sanchez de Bilbao is expected before the end of May, although some sources consulted by OTR/Press presented it as immediately imminent. According to the same sources, Sanchez de Bilbao's destined post might be the High Personnel Command (MASPE), which would mean a revival of the rank of lieutenant general for the post, which since December 1983 had been occupied by a division general. Sanchez de Bilbao will turn 61 this summer and will not transfer into the reserves until July 1988. He has headed the Armored Division since March of last year. On the occasion of the War Council that had to rule on the so-called "colonels' coup," Sanchez de Bilbao, recently promoted, excused himself from presiding over the tribunal, which, according to the sources we consulted, was not to the liking of Moncloa Palace or air force staff. [Text] [Madrid ABC in Spanish 19 May 85 p 23] 11,464

SURFACE-TO-AIR MISSILES--Spain's purchase of the so-called "Spada missile system," based on the Italian Aspide, now depends upon the co-production or transfer of technology between Spain and Italy, according to statements by Lt Gen Santos Peralba to the REVISTA DE AERONAUTICA. For the chief of staff, the Aspide is "right now the best surface-to-air missile for the air force." The Spada system was designed to meet the threat of attacks of waves of aircraft under any meteorological conditions and flying very low, taking advantage of such protection under intense electronic countermeasures and the profile of the terrain. The Aspide is an advanced semi-active, remote-controlled missile. [by V. G.] [Text] [Madrid ABC in Spanish 30 Apr 85 p 25] 11,464

CSO: 3548/133

MILITARY

SWEDEN

GOVERNMENT CONSIDERING MULTINATION SPY SATELLITE

Stockholm DAGENS NYHETER in Swedish 28 May 85 p 8

[Article by Eric Dyring: "USA and Soviets Getting Competition? The Government Is Positive Toward Spy Satellite"]

[Text] Will the United States and the Soviet Union have competition from a group of other countries in spying from space on military activities and observing conflicts? The Swedish government expects to investigate the possibilities of going together with some other nations to build independent spy satellites.

This came out when the Swedish Government Research Advisory Board recently met at Harpsund. The subject under discussion was the development of military technology.

"I expect to take the issue up with the government," said Cabinet Minister Ingvar Carlsson to DAGENS NYHETER.

Surprising

The scientists were surprised by the positive response which the proposal for an independent reconnaissance satellite received from the politicians.

It is not a new proposal. France has advanced it within the UN framework since the end of the 1970's. Both superpowers, stopped it, however. They want to be the only ones to conduct advanced reconnaissance from space.

The ideas have also been discussed in the Stockholm International Peace Research Institute (SIPRI) on various occasions. The European Security Conference in Stockholm received a similar proposal for discussion.

But it is a new development that Sweden is considering pushing the question. Nations which would be appropriate to cooperate with are India, Japan, France, Switzerland and Austria.

Great Knowledge

The technical knowledge both in Sweden and the other suggested countries is today so great that very advanced space surveillance could be conducted. For example Sweden has acquired much experience in obtaining, processing and analyzing satellite photographs at the facilities of the space company in Kiruna. If the political and economic decisions can be made, the technology can be handled.

The National Defense Research Institute has received funds from the Foreign Ministry and created a working group to study the possibilities in detail.

9287

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MILITARY

SWEDEN

KOCKUMS YARD COMPETING FOR AUSTRALIAN, DANISH SUBMARINE ORDERS

Stockholm DAGENS NYHETER in Swedish 22 May 85 p 12

[Article by Bo Engzell]

[Text] Malmo--The Kockums Shipyard in Malmo has a chance to grab a giant order worth 12 billion kronor. It involves building submarines for Australia. The Kockums firm already has a guaranteed order worth between 75 million and 100 million kronor.

In stiff competition with big foreign shipyards that have built many submarines, Kockums and a West German shipyard were chosen by Australia as the finalists in the competition to design six submarines for the Australian Navy.

Kockums had to compete with British, French, West German, and other big shipyards to get as far as the final stage of competition.

Danish Order

Kockums and the West German shipyard now have 2 years in which to design the submarine of the 1990's for Australia. The best proposal will win the final order.

Kockums will have to hire about 20 technicians immediately for the planning work.

Kockums, which now belongs to the state-owned shipyard group, has designed and built submarines for the Swedish and other navies for many years. And it also has some chance of getting a Danish submarine order--if Denmark, a NATO country, eventually decides to build a few submarines rather than leasing a couple from the FRG.

Kockums has worked hard to market its services in various fields, among them submarine building.

If Kockums is finally chosen by Australia to take charge of building the six very large submarines, the result will be an order worth 12 billion kronor. Most of the submarines will be built in Australia, however. Probably only the first one would be built in Sweden. But the order would nevertheless mean

many subcontracting jobs for Kockums from that point on, in addition to which many technicians and designers would have to be recruited. Other Swedish firms may also get a chance to become suppliers. Kockums needs new orders even though its order book is not empty. Among other things, it is going to build a couple of big luxury cruisers for a U.S. shipowner.

Bright Spot

Kockums is the bright spot in the Swedish Shipyard Group. The shipyard made a profit of a few tens of millions of kronor even last year. The number of employees has dropped by several thousand over a period of 4 or 5 years, however, and now stands at just over 3,000.

11798

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MILITARY

SWEDEN

SUPREME COMMANDER ASKING FOR BILLIONS EXTRA TO MEET TARGETS

Stockholm SVENSKA DAGBLADET in Swedish 8 May 85 p 7

[Article by Erik Liden]

[Text] At least 5 billion and perhaps as much as 8 billion more kronor for the Armed Forces beginning with the 1987 defense decision will probably be the result of the Defense Staff's economic planning for "OB 85," the document that OB [Supreme Commander of the Armed Forces] Lennart Ljung will submit to the government after election day.

The agreement on security policy that was shown by Parliament in this year's budget decision on 2 May is verbal: the economic calculations reveal considerably more discrepancies than came to the surface during Parliament's defense debate.

In May 1983, the OB announced major financial troubles in military defense and especially in the air force. The government responded on 28 June by appointing the director general of the National Institute of Defense Organization and Management, Gunnar Petri, to be a one-man investigating committee to analyze, among other things, the air force's cash situation.

Petri was able to report as early as 1 November that same year that of the air force's 2.7-billion-kronor shortfall between 1982 and 1987, 875 million kronor were a direct result of the higher value of the dollar. A similar effect existed in the army and the navy. In addition, the air force was short 600 million kronor due to lower aspirations and suspensions of purchasing power decreed by the government.

Alarming Figures

In two different program plans presented in the fall of 1983 and covering the 5-year period from 1984 to 1989, the OB showed that from 5 billion to 6 billion kronor were needed to carry out Parliament's defense decision of 1982.

Those alarming figures led the government to summon the three opposition parties for talks on defense finances, and the result was the four-party agreement in March 1984, which provided the Armed Forces with 600 million kronor annually for the 3 fiscal years remaining under the 1982 defense decision. Compensation for the value of the dollar was granted.

It emerged in this year's budget bill that the government's inflation allowance even for the Armed Forces would be limited to 4 percent for 1984-1985 and probably 3 percent in 1985-1986. For last year's appropriation, that meant a loss of 270 million kronor for the Armed Forces. In the parliamentary debate, the nonsocialist parties demanded that those 270 million kronor, plus 125 million kronor for such things as increased conscript training and higher conscript benefits, be restored to the defense budget. According to Per Petersson (Conservative Party), chairman of the Defense Committee, the government was underhandedly cutting out about 400 million of the 600 million kronor agreed on under the terms of last year's four-party agreement.

"Only for 1 Year"

Olle Goransson (Social Democrat) maintained in the debate that the loss of 270 million kronor was to be in effect temporarily--for only 1 year--and that compensation for all other new missions would be provided before next year's defense decision.

Skepticism concerning that explanation of defense finances--based on past experience--is being displayed both at the headquarters of the opposition parties and on the military staffs.

In the current situation, from a purely mathematical standpoint, at least 3 billion and probably 4 billion kronor are still needed to comply fully with the intentions set forth in the 1982 defense decision. This takes into account the deficits resulting from this year's defense decision.

In his planning for the 1987 defense decision, the OB was instructed by the government to show what an increase and a decrease of 500 million kronor per year in defense appropriations would mean for the future strength of the Armed Forces.

In "OB 85," the OB is presenting an economic level of his own that takes into account the deficits that will remain after the period from 1982 to 1987, the requirements based on the future threat situation, and assessments of the present wartime organization with a view to preparedness and so on in the face of a surprise attack.

Equipment Lacking

Preliminary data from the Defense Staff show that if Sweden were involved in a war situation or state of alert today or tomorrow, it would lack between 2 and 4 billion kronor worth of equipment in its mobilization stores--equipment that would have been there today if the plans in effect had been followed.

As a result of canceled refresher courses, incorrect wartime allocations, and so on in the past, permanent personnel and conscripts are not always trained on the right equipment.

A large part of the equipment is being used for the basic training of conscripts, other equipment is down for overhaul, renovation, or modification, new equipment

has not yet been delivered, and so on. It sometimes happens that special equipment for entire brigades is all out on loan at one time. The OB wants to change this so as to increase preparedness quickly.

Many of those measures will cost money. The OB noted as early as last fall that refresher training needed to be increased, that antitank defense needed to be strengthened, that more mines were needed, and that the air base system, armament for strike aircraft, and the liaison and combat information organization systems needed to be improved. The undermining in this year's defense decision means that other equipment projects are in danger of being postponed.

One example is the light armored combat vehicle that is planned in large numbers to supplement existing tanks and armored personnel carriers. In the current military financial situation, only part of the infantry is going to get Combat Vehicle 90, and even then not until far into the 1990's. The rest of the infantry will have to be content with a light armor-protected cross-country vehicle of the Finnish Sisu type, which is based on a Russian basic version.

What is worse, the financial situation in the Armed Forces is said to have prevented a decision on aircraft in 1982 and 1983, when the final decisions on the JAS-39 Gripen were made in Parliament:

"The planning assumptions at the time required complete general military service and a new aircraft to follow the Viggen," says one project manager at the Defense Materiel Administration. "That military financial situation, combined with an expensive dollar, is something we do not have today."

The upshot is that this fall, the OB will be requesting an increase of from 5 billion to 8 billion kronor in the total budget for the period from 1987 to 1992--that is, at least 1 billion kronor per fiscal year in order to save the JAS, among other things.

Despite those appropriation requests, the OB is being forced to propose sharp new cutbacks in the military peacetime organization because of the smaller number of conscripts and the need to use money for materiel.

11798
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ECONOMIC

DENMARK

OECD GIVES DANISH ECONOMIC PERFORMANCE TOP MARKS

Increased Exports, Lower Inflation

Copenhagen BERLINGSKE TIDENDE in Danish 31 May 85 p 1

[Article by Henrik Skov and Thorkild Dahl]

[Text] The improvements in the Danish economy will only make themselves really felt in 1986 . But the Danish export industry regains its market shares. The lowest rate of inflation in Denmark for more than 25 years, says OECD.

"It is a good thing that international observers as well, such as the economists of the OECD, have come to realize that Denmark's economic development is unusual."

The above statement was made by Minister of Economic Affairs Anders Andersen (Liberal Party) in a comment on the semiannual report of the OECD, which will be published today. The rates of inflation and unemployment in Denmark are declining and at a faster rate than in Europe as a whole. The OECD announces the lowest Danish rate of inflation for more than 25 years.

The report which appears only a few days after the OECD referred to Denmark as the fifth most indebted country in the world, thus gives the next 18 months' economic development in Denmark if not a straight A then at least close to an A minus grade. The improvement in the competitiveness will already be vaguely felt in 1985. The improvement will only really affect the Danish economy in 1986, when the Danish export industry will really start regaining its lost market shares, says the OECD.

In his comments, Minister of Economic Affairs Anders Andersen points out that the OECD report must clearly be taken as a reflection of the fact that the economic policy pursued by the government is pushing developments in the right direction and thus contributing to solving the balance of payments problems of the Danish economy.

Otherwise, the semiannual report of the OECD states that the industrialized countries, including Denmark, will have to be prepared for a period during which the rate of growth of their economies will decline. The United States,

which is leading the way in this direction, receives harsh comments from the OECD, which warns that the imbalance in the world economy may become an insoluble problem unless steps are taken to reduce the gigantic American budget deficit. The continued high interest level, the smouldering trade war, too large fluctuations in exchange rates and the weak economies of many developing countries contribute, according to the OECD, to further weakening the stability of the new upswing in the world economy.

Schluter, Opposition Discuss Report

Copenhagen BERLINGSKE TIDENDE in Danish 31 May 85 p 2

[Article by Helle Ravn Larsen]

[Text] During the closing debate of the Folketing yesterday, Prime Minister Poul Schluter praised the other government parties and the Radical Liberal Party. Only with the assistance of their strength of will has it been possible to get Denmark back on its feet. The much discussed government alternative between the Social Democratic Party and the Socialist People's Party, on the other hand, did not receive very favorable comments from the government parties.

"We are well on our way in restoring the economy, but there must be no interruptions at any time. For still a number of years, we need to carry through the total rehabilitation and restoration work within the Danish economy. The scope of the task of restoration was enormous and almost inconceivable, but there has been a fundamental and dramatic improvement in the finances of the state over the last three years."

The above words formed part of Prime Minister Poul Schluter's statement yesterday during the closing debate of the Folketing. He pointed out that if the majority of the Folketing had not been prepared to take such dramatic and strong measures to solve this task, we should today have been close to the bottom of the abyss and not on our way away from it.

Only the government parties and the Radical Liberals shared the prime minister's optimism. Gert Petersen (Socialist People's Party) found that the success which the government claims that it has achieved is the result of the most heavy-handed class policy pursued for centuries.

Narcistic Self-Praise

Anne Grete Holmsgård (Left Socialist Party) said that the narcissistic self-praise on the part of the government spokesmen made her almost sick, and Pia Kjærsgaard (Progressive Party) found it incredibly brazen to take money out of people's pockets and refer to it as economizing. The Social Democratic Party dissociated itself strongly from the government's too optimistic

assumptions and disclaimed any responsibility for the antisocial cuts.

The debate was also marked by the much discussed government alternative--the cooperation between the Social Democratic Party and the Socialist People's Party. Both parties, moreover, introduced a vote of censure of the government but were outvoted.

Political Sea Monster

"The courting on the part of the Social Democratic Party is a political sea monster or a many-headed monster. The question is whether in proposing a close cooperation with the Socialist People's Party, the Social Democratic Party is not actually in the process of reducing itself to an insignificant footnote in Danish politics," said Laurits Tørnæs, spokesman of the Liberal Party.

Lars P. Gammelgaard of the Conservative Party was shocked that the Social Democratic Party--the party which has grown up together with the trade union movement and which knows the importance of settled conditions within the labor market to the labor market organizations--now wants to act together with the Socialist People's Party--even in a government cooperation. He said that it, undoubtedly, would be a question of an actual "red cabinet."

Challenges Remain for Policymakers

Copenhagen BERLINGSKE TIDENDE in Danish 31 May 85 p 12

[Editorial: "Will to Grow"]

[Text] We have had a confusing spring, says the finance minister and that is actually quite true. He has especially in mind the unfortunate effects of the labor market situation on our foreign trade. But to this comes another confusing element. Economists of the Independent Economic Council doubt the ability on the part of business to maintain the growth rate in investments, and the chief economist of the Federation of Trade Unions predicts that the increase in employment within Danish enterprises will come to a stop. That, of course, does not sound good. What are the comments of the industrial grassroots on this?

Fortunately, at the annual meeting yesterday of the Federation of Danish Industries, the chairman, Nils Wilhjelm, presented the results of a brand new poll taken among the members of the federation. The enterprises within the industrial sector expect this year to be able to increase their sales and production at almost the same rate as last year. They therefore project a continued considerable growth in employment, and at the same time they expect investments to increase further in 1986--these increases on top of the upswing which has taken place during the past 2 years. That is, indeed, a different story, and it is based on concrete evaluations within the many enterprises.

For many years, and rightly so, at the general meetings of industrial enterprises, heavy criticism was levelled against the government and the

Folketing for their failure to contribute to an improvement of the industrial climate. It is now recognized that such a change of climate has been created--on the clear condition, however, that the main lines of the economic policy be adhered to and that cost developments remain within the framework that has been staked out. The business sector must itself contribute to this, and the industrial sector has stated that it is fully aware of the fact that the society now furthermore expects the industrial enterprises to exploit the improved possibilities of increasing investments, employment and exports. Based on the poll and past experience, the chairman stated yesterday that he was convinced that this will indeed take place.

However, the challenges of everyday life are many, and realizing that the major part of the increased production will have to be sold outside the borders of the country, the industrial sector and the Federation of Industries have in every respect aimed their activities at export. Many initiatives stem from the perceptive minister of education. Not only is there at present a shortage of qualified export personnel, but the discussion on the technological level of Danish products has supported the pressure on the part of industry for grants for spearhead research which will ensure the survival of the country as an industrial nation also in the coming decades. The need for an increasingly internationalized industrial sector has, furthermore, created an acute interest in settling trade obstacles in Europe and preventing a trade war between the United States and the EC. These are problems which will have to be solved at higher levels but which have a direct effect on the daily operation of the enterprises.

What was it now that the prime minister told the enterprises? Was it not something about the importance of getting going? And the minister of finance says that they will have to operate at full speed. The answer from the people within the industries came yesterday. They do not react like over-sensitive persons. On the contrary, they agree with the two gentlemen and are ready for action.

Industry Council Optimistic

Copenhagen BERLINGSKE TIDENDE in Danish 25 May 85 Sect III p 5

[Article by Civi]

[Text] The upswing in 1985 has been due to our exports and business investments. A 60-70 percent increase in investments in buildings and machinery. The rate of employment in industry increased by 11,000 employees.

The Federation of Danish Industries predicts the economic upswing to continue in 1985 and into 1986, though at a somewhat slower rate than in 1984. Exports and business investments, not least the investments made within the

industrial sector, are expected to be the underlying factors in the upswing in 1985. Investments in buildings and machinery will increase by 60-70 percent. This message is included in the printed annual report of the Federation of Danish Industries for last year on the prospects for the next 18 months. The annual report predicts a growing Danish economy.

The annual report establishes that the past year has been good for the industrial sector. It pays again to invest in industry. After a number of lean years in which the earnings of industry lacked increasingly behind in relation to the bond interest rate, the picture has changed decisively.

The annual report gives the following account of developments in the past year: the industrial production increased in 1984 by approximately 7 percent in fixed prices. By comparison, the increase in production in the three preceding years averaged 1.5 percent annually.

Competitiveness Strengthened

The volume of industrial exports increased by approximately 9 percent over 1983, which, according to the annual report, must be regarded as very satisfactory. The improved competitiveness, including the more moderate cost developments, the continued high dollar rate and the moderate upswing of the international trade cycle created opportunities which the industrial sector knew how to exploit.

Investments in industry started increasing at the end of 1983, and the increase has continued at a considerable rate. No other European economy can show a correspondingly sharp increase in industrial investments.

In an evaluation of the government's package solution, the annual report says:

"Even if this package solution will also include elements which will pull in the wrong direction, such as the increase in corporation taxes and the limitation in profits, the net effect will be clearly positive because it contributes to strengthening the competitiveness of Danish industry. The results will show in the form of a continued increase in investments, a continued growth rate in production and exports and increased employment. Industry provided an additional 16,000 jobs last year."

7262
CSO: 3613/155

ECONOMIC

DENMARK

FAEROE ISLANDS LOOK TO OIL, GAS AS WAY OUT OF ECONOMIC CRISIS

Conflict Over Seabed Riches

Stockholm DAGENS NYHETER in Swedish 26 May 85 p 16

[Article by Christian Palme datelined Torshavn: "Faeroes: Oil and Natural Gas Give Hope of Riches"]

[Text] Torshavn. Atli P. Dam, judge and head of the government stands in front of the government house with his feet firmly planted on a Faeroe basalt rock. Deep beneath the rock there is oil and natural gas--perhaps, say geologists.

Oil and natural gas are the future economic hope of the Faeroes. The self-governing nation, which belongs to a "national partnership" with Denmark, is confronting economic difficulties with galloping foreign debt and troublesome balance of trade problems.

For more than 10 years the inhabitants of the Faeroes have watched with a mixture of wonder and consternation their nearest neighbor to the southeast, the Shetland Islands. The Shetlands are a center of British oil exploitation in the North Sea, and in a short time they have been projected from an era of preindustrial agriculture to the oil platforms, helicopters and pipelines of the oil era.

Roll Past

But the Shetlands are an ordinary British county, and they have seen the lion's share of the oil millions roll past to Scotland and England much farther to the south. What remains are ruined basic industries, runaway inflation and a destroyed environment.

The inhabitants of the Faeroes have said that they will not have that, and they point to the carefully worded parts of the "home government law," the law about self-government which the nation acquired after a referendum and negotiations with Denmark.

It is clear in Appendix B of the law that the subsurface and any eventual mineral contents therein can be transferred to Faeroe control after negotiations with Denmark.

Of course with control come the profits--and what that could be, divided among 44,000 inhabitants, one does not need an advanced computer to determine. One needs only a suggestion of fantasy to begin to imagine the Faeroes as a new Dubai or Bahrein, a superrich ministate with oil and dollars up to their knees.

Abandon the Fantasy

But is there after all any oil down there under that volcanic rock? Yes, the geologists proved several years ago that there is something there.

Four years ago two deep exploratory holes were drilled beneath the Faeroes' layer of volcanic basalt and tuff which was pushed up from the insides of the earth tens of millions of years ago.

At Lopra in the southernmost island of Suduroy the drill went down to 2,128 meters when the drilling had to cease. The hole was sealed and the geologists withdrew to study the results.

Two years later, in March 1983, they returned to Lopra and opened the old drill hole. The issue was decided in several minutes. The hole was filled with gas, natural gas, which percolated out of the rock. It was not much gas, only 0.8 liters per minute, but that and traces of oil were sufficient as proof that under the basalt plate there are substances of organic nature.

More Drilling

No more drilling has been done. When the gas was found, this imposed much greater safety requirements than an exploratory drilling can fulfill. The next drilling must be accomplished by a professional oil consortium.

And despite the problems which await on the North Atlantic, with water depths of several hundred meters, the oil companies are already standing in line. In the government files there are letters from more than 40 oil exploration companies who want concessions for drilling on land and sea in the Faeroes.

Now comes the conflict over who will control the highly possible riches.

The standpoint of the Faeroe islanders is entirely clear. As early as 24 March 1975 a majority in their parliament decided to order the government to begin negotiations with Denmark about transfer of the subsurface resources to Faeroe control in accordance with the law for self-government.

Gone Badly

There have been sporadic negotiations, but they have gone badly, primarily because of the unique two-dimensional party structure in the Faeroes.

The parties are not only grouped according to a right/left scale, but there is also a sharp division between the parties which want to maintain the national partnership with Denmark and those which want a greater degree of independence.

It was hardly surprising when the conservative and Denmark-friendly Union Party, which led the previous parliament, did not make a great effort to put through the decision of the parliamentary majority.

Especially not when the Danish courts said that the land and the subsurface could not be treated like the postoffice or the schools, and thereby could not be transferred to the Faeroe Islands with full legal control.

In Copenhagen they said that joint control over the subsurface resources is contained in the national partnership. If the Faeroe islanders want full control they must also cut their ties and the economic lifeline to Denmark and be completely independent.

New Coalition

The new coalition of Social Democrats and Republicans which came in after the election in November of last year is certainly opposed to the question of independence, but it can be united as parties of the left. Judge and government leader Atli Dam has proposed a compromise solution in the spirit of socialism. He says: "Property rights are not at issue, the important thing is who makes the decisions. We can go along with a joint administration, but the right of decisionmaking must remain in the Faeroes."

Greenland, which is also an independent nation, has already signed an agreement with Denmark giving both parties the right of veto over oil production. But Greenland's agreement also says that income from future oil will be deducted from the annual multimillions which are sent from Copenhagen to Nuuk.

Atli Dam simply makes a gesture of complete rejection when the Greenland solution is mentioned.

Completely Impossible

"It is completely impossible," he says. "Furthermore it puts a price in kronor and ore on a national partnership which has lasted for centuries."

The Social Democrats and the new government say that it should first be determined whether there is any oil beneath the surface. Then a position can be taken about dividing the money. But that is a question for the future.

This fall negotiations will begin with the government in Copenhagen. Atli Dam has declared that the issue will be clarified before the next election in the Faeroes in 3 years. And then the oil companies will be welcome with their drilling platforms.

Mounting Debt Worries Copenhagen

Stockholm DAGENS NYHETER in Swedish 28 May 85 p 10

[Article by Christian Palme, DN correspondent in Torshavn: "Hard Times For Fishing--Debts Hurting Faeroes"]

[Text] The Faeroes are sailing luxury class toward the abyss. Foreign debts have South American proportions, and the deficits are growing steeply year by year. Public subsidies stimulate unprofitable investments. And at the same time fishing is stagnating, the only source of income for the Faeroes.

It does not appear that people are needy in the capital of the Faeroes, Torshavn. Cars are crowded on the narrow streets of the old harbor town (the Faeroes are almost as densely populated with cars as Sweden, and last year almost 2,000 new cars were imported). New villas are springing up where previously only sheep pastured (1,900 new houses have been built in the past 6 years, one for every sixth household. People are well dressed, video rentals and fashionable shops fill what was previously a quiet fishing town.

In the harbor container ships are crowded in with large fishing trawlers. There are lines in the banks and the daily plane from Copenhagen is often filled to the last seat with businessmen who want to try their sales skills in the newly rich country in the North Atlantic.

There is nothing to indicate that the 44,000 Faeroe inhabitants are threatened with economic chaos, chain reactions of bankruptcy and stopped payments on foreign loans.

Crisis Threatens

But in Copenhagen a senior government official clears his desk and says in a concerned voice that it is a matter of 3 to 5 years until the crisis becomes a fact if nothing is done now to stop the soaring indebtedness.

The accounts of the Faeroes would cause the hair of a finance minister to stand on end in an independent country. The foreign debt is over three billion Faeroe kronor (= Danish kronor), and it has increased by 50 percent, or fully a billion, just during the past year. That corresponds to 62 percent of GNP or almost double the value of the exports in 1984. As a comparison, Sweden's foreign debt of 150 billion Swedish kronor is less than 30 percent of our GNP.

The runaway balance of payments deficit is equally hair raising, 769 million kronor last year despite a contribution from Denmark of 714 million kronor. The foreign debt is 85 percent in private hands, but 1.4 billion of the private loans are supported by guarantees from the national bank. It is thereby the government which will get hit by the threatening series of bankruptcies.

Both the foreign debt and the trade deficit were modest until a few years ago, but they have grown explosively during 1983 and 1984.

If the Faeroes were an independent state the International Monetary Fund would long ago have applied economic thumb screws before new foreign loans were granted. The IMF would have demanded that the government present a rescue plan for the economy, with reduced consumption, a wage freeze and more sensible investments.

Can Give Advice

But the Faeroes are not independent. They are a part of the Danish kingdom, although with extensive self-government. The government and the parliament in Torshavn have sovereign authority over large parts of the nation's economy, taxes, borrowing and transfers.

The Danish Government can influence and give advice, but it has no legal duty to save the Faeroes as the abyss approaches.

The senior official in Copenhagen smiled carefully and said that the international banks did not understand the difference between the Faeroes and Denmark, but he added, "the boys at Citibank phoned me a couple of days ago and were rather concerned."

Danish support for the Faeroes is thereby becoming a political question. It is difficult to imagine that a part of Denmark will be allowed to stop payments, and threaten Denmark's laboriously restored creditworthiness.

"The Faeroe islander fishes or starves, therefore he fishes," they say on the Faeroes. It is fish and the export of fresh, frozen fillets, smoked and salted fish which gives the country 99 percent of its export income.

Fishing Problems

In a fishing fleet of almost 60,000 GRT there are more than 150 steel ships and more than 100 smaller wooden ships. Among other things they have the largest factory trawler, "Reynsatindur," of over 3,800 GRT. The ship is a giant capable of producing 50-60 tons of fish fillets and creamed fish per day. "Reynsatindur," which was built to order for catching blue whiting at great depths, cost 100 million kronor to purchase and rebuild 2 years ago. It has only produced losses so far, for the national treasury among others, which pumped 40 million kronor into the giant ship.

There are many unprofitable investments in fishing and cargo ships which are among the causes of the economic problems of the Faeroes.

From a red-painted 16th century house on the thousand-year-old market square Tinganes in the center of Torshavn harbor, the Faeroes' social democratic party leader Atli Dam heads a leftist coalition in the government since the election in November of last year. Dam is a judge and head of the government for the second time. He practically inherited the leadership of the party, Javnadarflokkurin, from his father who brought social democracy to the Faeroes in the 20's.

"The situation is serious, the debts are unacceptable and are going to get worse this year because of investment decisions which we can not stop," he said.

'Not an Underdeveloped Country'

At the same time he takes strong exception to comparisons with indebted underdeveloped countries in, for example, South America.

"There is a vast difference in economic ability, strength and prosperity. We are not an underdeveloped country," said Atli Dam sharply.

But he admitted that the situation is going to get worse in both 1985 and 1986 until the foreign debt reaches at least 75 percent of GNP because of investment decisions already made.

The current problems of the Faeroes have their background in the extension of the fishing limits to 200 nautical miles in 1977. The traditional business of the Faeroes was distant fishing off Greenland, Iceland, Canada (Newfoundland) and the North Sea. The ships remained out 4 or 5 months at a stretch, they fished with long lines, and the fish were salted on board to be sold later to Spain, Portugal and Italy as dried fish.

In 1976 the cheap salt fish amounted to nearly 30 percent of the export of about 600 million kronor.

In 1984 the share had shrunk to 19 percent of the export. The major export goods were instead fresh and frozen fish, which amounted to 68 percent of the income of 1.6 billion kronor (market prices).

The change which took place in the meanwhile was that more than half of the fish are now caught in Faeroe waters, as compared with only a few percent a decade before. With only a few hours sailing time to the harbor the fish could be landed fresh, filleted, iced or frozen as a product which was much higher in price and quality. The reorganization of fishing was supported by large subsidies and transfers from the national bank (see article below).

But the reorganization went too well, and in recent years the traditional types of fish, cod, haddock and coalfish have been radically overfished in Faeroe home waters. Subsidies have made investments in fishing boats privately profitable, although from a social economic standpoint such investments must be regarded as wrong.

Simply stated, there are more and more fishing boats trying to catch the same amount of fish.

The government has tried to save the situation by directing the fishing toward new types, for example the cheap bottom fish blue whiting, which previously was caught as an industrial fish. This has in turn demanded more new investments in very large and powerful trawlers, of which the "Reynsatindur" is the most extreme example.

The "last resort" in the short term for the Faeroes could be aquaculture, the cultivation of fish in the many deep fjords. Scientific tests in the public domain a couple of years ago hastily established more than 40 places for the cultivation of salmon and sea trout. There are now several hundred artificial dams in almost every fjord.

Judge Atli Dam grasps at aquaculture like a drowning man at a straw.

"Cultivated fish, shipped as iced and fresh can give us a billion more in export income in 5 years," he said. "Already in 2 years we estimate a total export of half a billion kronor."

At the Faeroes' Fisheries Research Institute, fish researcher Andreas Reiner smiled when he heard of Atli Dam's optimistic prediction.

"That is certainly an exaggeration," he said drily, and gave a much more careful prediction which indicated a maximum of around 6,000 tons of fish at a value of about 350 million kronor.

"There are this many new applications for new concessions," he said, and held his hand a meter over the floor. "But we have already granted 50, and it is not certain that we have room for more."

"In any case there should not be any more permitted until we have investigated the environmental consequences."

Costly Fishing Support Torments Treasury

"Circuit" in the social economy is a good word to describe the subsidies and transfers to fishing in the Faeroes. One-fourth of the treasury's income is paid out as support to fishing.

"Look here," said Aksel Hansen, and placed a sheet of paper on the table.

On the paper there was a row of titles followed by columns of figures dated from 1974 to 1985. Aksel Hansen is the Swedish consul in the Faeroes and head of the large fillet factory Bacalao in Torshavn. The Iberian sounding name remains from the time when the most important export product was dried fish from the Faeroes to Spain and Portugal.

"This is a summary of the different kinds of subsidy for fishing," he said, and he began to translate the column heads from the Faeroe language:

"Guaranteed minimum wage, vacation wage, parliamentary payment, fishing industry payment, fuel oil payment, payment from raw fish fund, bait payment, operating payment, salmon traps..."

At the bottom of the sheet was the sum of each year's subsidies. The sums increased sharply year after year. 1974/75 fully 14 million kronor were paid out. 1978/79 the amount was 76 million, 1981/82 it was more than 181 million. In 1983/84 it was an even quarter of a billion (current prices).

Most forms of operating subsidies have been paid out in a fixed amount per kilo of fish caught. This leads to the absurd result that the treasury's support costs increase when the catches increase.

Birgir Danielssen, head of the export coop Fiskasola, is very critical of the system.

"It is clearly madness to continue to subsidize boats in which the crew already earns 300,000 kronor per year and the officers one million.

"The subsidies have a limited effect on the amount of fish, but they have a negative effect on the quality. Instead of landing fish of high quality, the boats stay 2 days extra on the banks to make a marginal increase in the catch.

In the Government House at Tinganes Judge Atli Dam admits that the subsidy system has derailed. During the spring the parliament at his initiative decided on a series of reforms which discontinues most subsidies which are tied to the size of the catch. Instead there is a fixed framework for support in the annual budget.

But Birgir Danielssen does not believe that the reforms will change things much:

"It is an act for the gallery, which in the long run will have no effect."

And Jon Danielssen, a government employee with responsibility for the raw fish fund said, "It is a matter for the politicians whether the new support arrangements will reduce the subsidies. But unfortunately we have lobbying activity even here in the Faeroes," he said tiredly.

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28 June 1985

PROGRESS SLOW, PROSPECTS LIMITED FOR CUTTING UNEMPLOYMENT

Demographic Factors Inadequately Understood

Duesseldorf WIRTSCHAFTSWOCHE in German 10 May 85 pp 147-150

[Analysis by Norbert Kleinheyer, economic analyst, Deutscher Sparkassen- und Giroverband, Bonn: "Camouflaged Trend"]

[Text] The situation in the labor market remains serious, despite current signs of improvement. Norbert Kleinheyer analyzes the reasons for the lack of progress in reducing unemployment figures.

Month after month, the unemployment figures published by the Federal Labor Office in Nuremberg demonstrate more clearly than expected the problematical condition of the labor market. Up until now, not much has been felt of the improvement that many had predicted.

At the end of January, the Federal Government was still claiming that rising unemployment, which had been on the increase for years, had finally been stopped in 1984. In its annual projection the government assumed that the total employment picture would on the annual average expand in 1985 for the first time since 1980. Rising employment figures, with only a slight increase in the available work force due to the departure of many foreign workers, coupled with a reduction in working hours, is the scenario envisioned by the Federal Government.

However, in the first quarter of this year, as compared with the same figures for the previous year, the number of unemployed workers increased by 80,000. For some time the hard winter concealed the fact that the Federal Republic was quite far away from its goal of an annual unemployment rate of lower than nine percent.

Seasonally adjusted figures are occasionally used in an attempt to demonstrate that the labor market is experiencing some relief. This proof, however, remains unconvincing. In the past two years, seasonally adjusted unemployment figures rose at the beginning of each year only to fall again after mid-year. Aside from the fact the labor struggles of the early part of the summer of 1984 caused extraordinary distortions which throw the entire process of seasonal adjustment into a questionable light, the figures imply that the process used at present overcompensates for season-related depressive effects. Because of this, the

fundamental trend is more often camouflaged than revealed. In order to examine the possibilities and limitations of a possible improvement in the labor market it is necessary to look beyond the current figures and search out the fundamental trend.

The starting point here is the development of available manpower. This includes, in addition to the number of gainfully employed persons and those officially registered as unemployed, also those classified as the hidden reserves, i.e. those who are looking for work without having registered with the Employment Office and those who have given up their search because of the continued critical situation in the labor market. The size of the manpower pool is still increasing because of demographic reasons. This is because those who were part of the baby boom are now ready to begin their working careers. An additional factor is the trend away from longer university education in the direction of shorter vocational training. Nor does the departure of the older generation from the labor market offer a complete compensation, despite various kinds of pre-retirement regulations, because those departing belong to the generation which was most affected by war. It is also doubtful whether foreigners will continue to emigrate at the same rate in the current year.

Employment has continued to decline over the past few years. Since the fourth quarter of 1985, the number of wage earners dropped from around 23 million to the present figure of approximately 22 million. It is not until the second half of 1984 that figures from the Deutsche Bundesbank, with adjustments made for seasonal variations, indicate an increase of 40,000 workers. How problematical it was and is, however, to ascertain an employment trend based on these individual and tentative results for two quarters, becomes clear when the most recent revision of the figures by the Bundesbank, in March 1984, is examined. For according to these more recent figures, the increase in the number of workers is established only for the last quarter of 1984, and even at that, the number is reduced to 20,000.

The relatively small amount of short time work as compared with last year is often mentioned also as an argument for the relatively improved situation on the labor market. A company with short-term problems relating to the full utilization of its capacity will prefer resorting to short-time when it expects its situation to improve in the near future. But if it expects continued difficulties over the long haul, it may consider it necessary to let workers go.

What does all this mean for the direction of unemployment figures in the current year? Taking into consideration the size of the manpower pool, an increase of some 20,000 to 30,000 might be expected, which would include factors such as early retirement and the emigration of foreign workers, among others.

However, even if just a stagnation would occur in the number of gainfully employed persons, this would be a success. Under these conditions the number of employable persons still seeking work, including the hidden reserves, would increase. How this would affect the official unemployment figure is hard to predict. Movement within the labor market remains constant, and this means that it is possible for persons from the hidden reserves who are not officially registered as unemployed to obtain employment, which results in persons who up to now have been employed registering themselves as unemployed. And at the same time, those who have been registered as unemployed join the ranks of the hidden reserves. If one assumes that the numbers of those leaving and joining the

hidden reserves approximately balance each other out, then it cannot be ruled out that the annual average unemployment figure for 1985 will not decline, but may even continue to rise.

Service Sector Relief Overrated

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Duesseldorf WIRTSCHAFTSWOCHE in German 10 May 85 pp 150-152

[Analysis by Fritz W. Scharpf, excerpted from paper by same author, "Strukturen der post-industriellen Gesellschaft, oder Verschwindet die Massenarbeitslosigkeit in der Dienstleistungs- und Informationsökonomie?" ("Structures of Post-Industrial Society, or Will Mass Unemployment Disappear in the Service and Information Economy?") Discussion Paper IIM/LMP 84-23, Wissenschaftszentrum Berlin]

[Text] The fact that society seems moving in the direction of a service economy appears in the view of many to offer a solution for the problems of the labor market. Professor Fritz W. Scharpf analyzes various development models for this trend in a recent study. WIRTSCHAFTSWOCHE is publishing excerpts from Scharpf's study.

Full employment will in the future result from the expansion of the tertiary, i.e. the service, sector: this is what is generally hoped. According to widely held opinion, employment in the production of goods will not show any significant decline, but neither will it rise. Industry, therefore, will have almost no additional impact on the employment picture.

But even the hope for a vigorous growth of jobs in the service sector appears to be limited by limits to demand, which, to be sure, is differently manifested in the area of highly productive information services than in the less productive service areas of nursing care, welfare services, counseling and maintenance.

For the information services, productivity can be increased and the relative price lowered by separating production and consumption. Thus an increase in demand similar to the demand in the market for tangible industrial products could be achieved. However, since, for the consumer, the time expenditure for actual utilization cannot be significantly reduced, in the case of an expansion of the market the actual consumption time finally would become an insurmountable obstacle.

It is likely, therefore, that even in the information society only a limited number of workers will be able to earn a living by producing information for the ultimate consumer. Increases are certainly possible and even likely compared with the present situation, but they will not be so large as to validate post-industrial hopes that employment will continue to grow indefinitely.

Remaining, therefore, are the services oriented towards persons and tangible items, which can hardly be made more efficient. Because in this case productivity climbs - if at all - more slowly than in the rest of the economy, relative to

price increases. Services of this kind tend, therefore, to be edged out of the market by expansion of the self-service mode. There are, however, two important factors that can accelerate, slow, or even temporarily reverse this process: the degree of wage-level differentiation and the overall tax index for the economy as a whole.

In the case of high wage-level differentiation and a low tax rate, the private services can maintain themselves for a longer time on the market, despite their low rate of productivity and can even expand vigorously given increased demand in the economy as a whole. It was above all in this way that the United States was able to achieve its employment miracle. On the other hand, given low wage-level differentiation and a high tax rate, the less productive services are able to expand if they are publicly financed. This is the direction taken by the Scandinavian countries.

In contrast to this, many countries on the continent, including the Federal Republic, have used their high taxes not so much for an expansion of public services as for an increase in transfer income. In these countries, therefore, the percentage of consumer-related services is exceptionally small. In the countries on the European continent, the traditional employment structure thus offers little reason to hope that current employment problems will to a certain extent solve themselves via an expansion in the service sector.

The future direction will thus not be likely to follow a unified line of development. We should, therefore, discard the universal theories which predict that post-industrial society will develop in the direction of a service, self-service, or information society. We should rather concentrate on the different conditions and developments in the individual countries and thus on the strategic choices confronting the state and the trade unions.

In the case of the FRG we have determined the following:

With the present-day situation of international interdependence in economic matters, we are forced to adopt a policy of constant adaptation to international developments in the industrial and information sectors. If this adaptation is successful, this would certainly mean a slowing down of the loss of jobs in production-related service areas. For the medium-range outlook, employment may also increase in consumer-related information production. But it is likely that this will hardly suffice to stabilize the volume of employment as a whole.

If above and beyond this an increase in jobs in the service sector is to be achieved, then we in the FRG must decide to move in the direction taken by either the Americans or the Swedes. Considerable difficulties would confront either one of these paths.

The differences in the wage-scale and working conditions that characterize the American model would in this country not be acceptable due in the first place to resistance from the unions, because they would see this as a threat to their moral integrity and their existence as organizations. And despite all their efforts towards budgetary consolidation, the social states of Europe will not be able to lower tax rates for the economy as a whole to American levels. At best, a reapportionment of the kinds of taxes might be considered, which would provide relief for the labor factor, while imposing higher rates on other production

factors or on consumption. However, such a reapportionment should not be expected to have a very significant impact on employment.

Following in the direction that the Swedes have taken, however, would also pose some problems. The tax rate in the Federal Republic is already relatively high, and efforts to raise it immediately and noticeably even higher would certainly meet with considerable political resistance. Moreover, since the structure of the public sector has not up to now been very service-intensive, there would also be no guarantee that public sector services aimed at individuals would be the first to profit from an expansion.

The solution to this dilemma, therefore, would seem to be a restructuring of the tax system while retaining the same rate of taxation. But up to now, the conceptual framework and the instruments necessary for a change in the tax structure of government budgets in favor of services have both been lacking.

For the foreseeable future, therefore, we in the Federal Republic must manage with the employment structures as they have developed over the past decades. This means also putting up with the developmental tendencies and limitations inherent in these structures. This may mean that, in contrast to the United States and to Sweden, we will not be able to compensate for the slow decline in the number of jobs in the industrial sector by an expansion of employment in the service sector.

We would then perhaps also be heading towards a dual economy. Most salaried employment would be concentrated in the highly productive manufacturing of industrial products and information software. Otherwise, more and more activities, that under other conditions would be offered and expected as public or private sector services, would be carried out by the consumers themselves in the form of independent work, community programs, self-help groups, or even as moonlighting.

This prospect for post-industrial society, which might be also regarded as valid for the European continent as a whole, would in a moral sense only be acceptable if for the foreseeable future we reject the idea of involuntary mass unemployment. If we do not wish or are unable to adhere to either the American or the Swedish model, then the government and the trade unions must decide in favor of a the cost-neutral redistribution of work, in order to avoid the otherwise menacing split of society into a majority of over-employed wage earners and a growing minority of early retirees, drop-outs, odd jobbers, and the unemployed. To this extent the perspective on the future of post-industrial society that has been developed here leads back once again to those tasks and controversies that were in any case already on the agenda.

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ECONOMIC

GREECE

DATA SHOW DECREASED TRADE EXCHANGES WITH USSR

Negative Balance

Athens MESIMVRINI in Greek 8 May 85 p 11

/Text/ "The development of Greek-Soviet relations was not appreciable," according to Faidon Stratos, president of the Greek Society of Business Management, which contributed to the organization of the conference under the auspices of the Greek National Council of the International Chamber.

The conference, which dealt with the "Prospects and Techniques of Trade Exchanges with the Soviet Union," ends today. It took place on the occasion of the First National Soviet Exhibit in Greece. It examined the overall framework of the current state of Greek-Soviet economic exchanges and the organization and operations of the Soviets external trade.

It should be noted that data made public yesterday by the Soviet Foreign Trade Statistical Service show that Greek exports to the USSR are approximately five times lower than the Soviet imports from Greece in 1984 when they were less than in 1983.

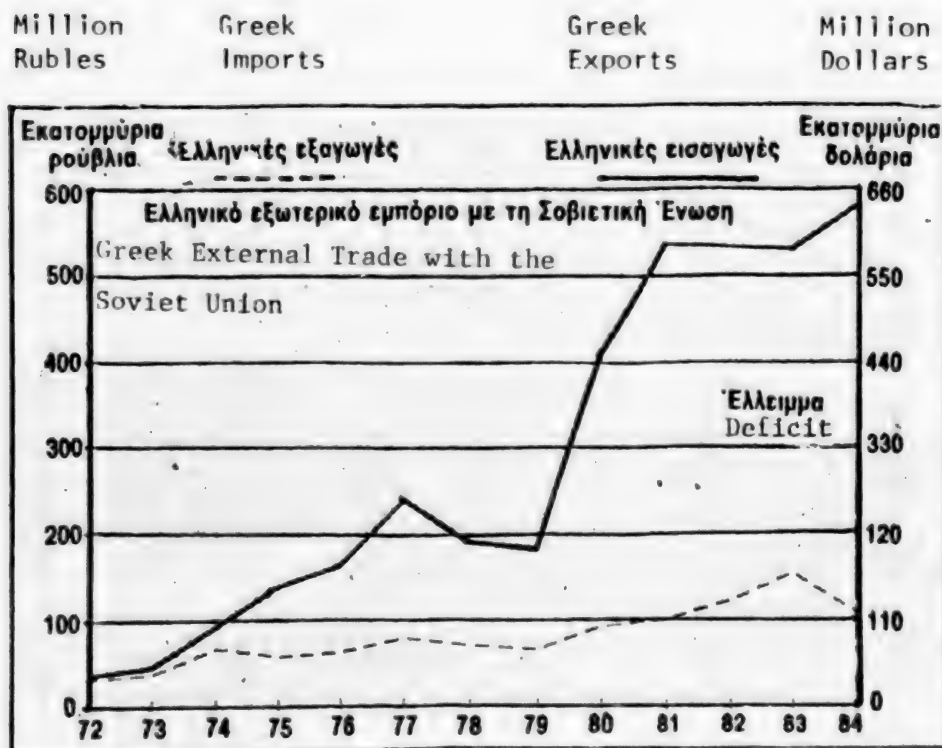


Diagram showing development of trade exchanges between Greece and the Soviet Union

Specifically, in 1984 Greek exports to the USSR fell to 110 million rubles from 154 million in 1983 and 122 in 1982, while Greek imports from the USSR reached 580 million rubles from 533 in 1983 and 1982. Main items exported included tobacco, cotton, citrus fruits, textiles, and bauxite. Items imported included petroleum and petroleum products--which accounted for 70 percent of all imports from the Soviet Union--electric energy, ammonia, scrap iron, machinery, armaments and transportation equipment.

Despite this state of trade exchanges between the two countries the Greek government wants--and expects--to increase our exports to the USSR by 70 percent in 1985 compared to 1984, according to Alternate Minister of National Economy K. Vaitzos who spoke at a luncheon for the conferees yesterday. Vaitzos also said that the major elements in Greek-Soviet cooperation are construction of the alumina plant, construction of the natural gas pipeline--which will be paid with traditional Greek products--and construction and repair of ships as well as the construction of hotels in the Soviet Union.

Political Implications

Athens MESIMVRINI in Greek 9 May 85 p 7

/Article by G. Lampsas: "Agreements With the East"/

/Text/ PASOK's propagandists insist that ND intends to bring back the status of "economic dependence" which was always "the favorite policy of the Right." Of course, these propagandists do not explain why Papandreou does not move ahead to take Greece out of the EEC, which would now be very easy (as Than. Kanellopoulos very correctly said in the Chamber of Deputies) since Kon. Karamanlis, the man who brought us into the EEC, is no longer president of the Republic. Neither do they explain why they get those colossal foreign loans which they waste in demagogic moves or use for paying off previous PASOK loans, and which will make our dependence on foreign powers worse than ever...

The PASOK economists have no answer to the question of what markets we would have for our products if we did not have our ties with Europe and with the West in general.

The sad case of the Skaramangas Shipyards showed how much our country can count on Soviet economic cooperation. For a long time we were told that the shipyards had guaranteed work from Soviet orders. The result now is that thousands of workers are out of work. The shipyards are not the only illustration. We have the very serious issue of Greek tobacco inventories which are in danger of remaining unsold because of the unwillingness of the Soviets to carry out their obligations.

We know that the Soviet Union refuses to buy 11,000 tons of 1984-85 tobacco, despite the agreement which was signed between the two states. Initially, the Soviets agreed to absorb 14,000 tons, of which 2,000 would be high quality, more expensive, tobacco. Suddenly, they arbitrarily reduced the quantity to 11,000 tons, that is by 25 percent, without saying anything about the quality. They asked to buy the tobacco at ridiculously low prices-- \$1.10 to \$1.30 dollars less a kilo than the prices paid by other buyers for similar types of tobacco or prices paid by Moscow for Turkish tobacco which they buy in much larger quantities.

The Soviets argue that the Greek tobacco is of low quality, but the purchase and processing of it was done under the direction and strict supervision of the RAZNOEXPORT technical experts. In any event, these types of tobacco were similar to those purchased by Japan, the United States and other major countries.

The problem that has been created for the Greek tobacco industry is extremely serious and shows what the effect will be of exclusive dependence on the Soviet market. It should be noted that the Russians are planning to buy (following Ozal's visit to Moscow) some 12,000 tons of Turkish tobacco at current prices which are higher than those for Greek tobacco.

Of course, the PASOK government could protest to Moscow for this unjustified violation of the inter-state agreement. Political reasons, unrelated to the needs of our economy, do not allow the government to raise its voice in Moscow: Papandreou hopes to have KKE's support in the coming election, and he knows this will be impossible without instructions from Moscow. Thus, not only does the "dependence on foreign centers" continue to exist in a different direction, of course, but there is now an added phenomenon: The Greek government cannot negotiate the prices of our farm and industrial products because it has to deal with a totalitarian country which does not accept protests and negotiations. What do Arsenis and Simitis have to say to this?

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ECONOMIC

GREECE

BRIEFS

YOUTH UNEMPLOYMENT--Brussels--One in three young Greeks is unemployed, in spite of the claims of the Papandreou government that it significantly lowered the unemployment rate by creating new jobs for the young. According to official statistics of the EEC, 28 percent of the young people in Greece have no job because the country's economy cannot create enough positions for them. It must be noted that the average youth unemployment within the EEC is 20.8 percent. [Excerpts] [Athens I KATHIMERINI in Greek 7 Jun 85 p 1]

CSO: 3521/268

ECONOMIC

SPAIN

TRADITIONAL BASQUE BUSINESSES CONTINUE TO DISINVEST

Madrid MERCADO in Spanish 3 May 85 p 33

[Text] The gradual acceleration of reductions in capital graphically reflects the divestment process which the Basque economy is going through. Even though the spectacular drop seen in 1983, with some reductions going as high as 11.34 billion pesetas, was reduced, the 4,076,000,000 shown in the latest statistics prevent one from having too much hope. This is especially true when, viewing the total capital investments in Vizcaya, only 23,219,000,000 pesetas were obtained, less than half the amount for the preceding fiscal year.

Within such a context, one detects the appearance of small enterprises that are changing the traditional look of the Vizcaya big industry. For the Bilbao Chamber of Commerce, which has gathered the data, the new picture reflects more a will to survive than the voluntary assumption of risks. The "family" and short-term businesses are gradually taking the place of big factories and the solid boards of directors.

Furthermore, sectors that have characterized the Basque economy are even confronted with an accelerated process of disappearance. In construction, a branch traditionally considered to be a barometer of economic activity, between the general crisis and municipal action in city planning, the startup of new housing in Euskadi has been paralyzed for 5 years. For its part, the iron and steel industry is suffering losses in the millions, which have turned it into the leader on the list of the "red figures" list, as we reported last week in MERCADO. The shipbuilding industry, the driving force behind the Vizcaya industrial takeoff, will be buried with the closing of Euskalduna, the most typical plant.

But where one sees most graphically the seriousness of the situation is in the branch of electrical equipment, where the Americans have sponsored that which, in economic circles, is called "the great escape." The General Electric Corporation, which had controlled 51 percent of the shares, let go of 23 percent, taking advantage of the confusion deriving from the dissolution of the Cortes by the then Prime Minister Calvo Sotelo. It was as surprising as the "gift" made by Westinghouse of its Spanish subsidiary to Arbobyl, an expert in the acquisition of balances and which Solchaga himself has defined as "a kind of United Nations." Finally, in the glass sector, Guardian, now holding a majority in Villosa, was enormously displeased to see the installation of the Italian SIV [expansion unknown] in Sagunto. The Spanish production capacity is now double the demand.

11,464

CSO: 3548/130

ECONOMIC

SWEDEN

TENTATIVE SIGNS OF IMPROVEMENT FOLLOWING 'SHOCK PACKAGE'

Capital Outflow Reversed

Stockholm DAGENS NYHETER in Swedish 25 May 85 p 10

[Article by Anders Nordstrom]

[Text] The drastic interest increase has stopped the outflow of capital from Sweden.

For the first time in a long period of time the flow of capital across our borders showed a surplus this week. Around 418 million kronor came into the country.

"This shows that the signals the government and the National Bank sent to those active in the capital market really got through," Lars Mathlein of the Finance Ministry said in a commentary.

"Without the measures that were taken last week there is every reason to assume that the capital outflow would have continued. Now I think the improvement will continue as the measures produce an effect and check imports to Sweden."

Capital flow into Sweden is shown in the weekly report that the National Bank issued on Friday which covers the period from 16 to 23 May.

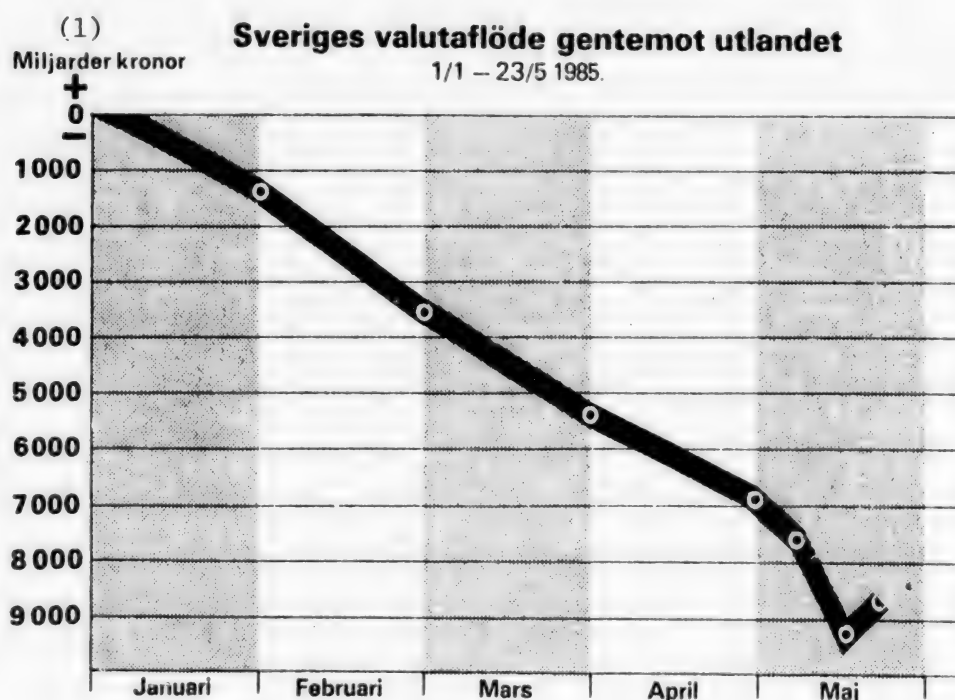
The capital influx of 418 million kronor the report showed for this period can be compared with the substantial capital outflow noted previously. The three weekly reports that preceded yesterday's report showed minus figures of 1.646 billion, 576 million and 912 million kronor respectively.

Long Way to Go

But there is still a long way to go before we recover the entire capital outflow that Sweden has experienced since the beginning of the year. Even after Friday's positive figure, capital outflow since the beginning of the year shows a minus of 8.776 billion kronor.

However the real flow of capital in the past week was somewhat better than indicated by the National Bank figures. In that period the state's own interest payments to other countries were around 276 million kronor higher than normal.

If the state foreign interest payments had been the same size as in normal weeks the capital inflow would have been around 694 million kronor instead of 418 million.



Sweden's Flow of Capital to Other Countries, 1 January-23 May 1985

The flow of capital changed course after the National Bank raised the discount rate. In the most recent week the National Bank reported an inflow of 418 million kronor. But capital flow since the beginning of the year still shows a minus of around 9 billion kronor.

Key 1. Kronor in millions

Satisfied

"At the National Bank we are quite satisfied with this development even if the shift is not spectacular," National Bank vice president Kurt Eklov told DAGENS NYHETER.

"One must bear in mind that in contrast to previous cases of extensive capital outflow, business capital transactions are not the main cause this time.

"Instead it is primarily a deficit in the trade balance that is responsible, in other words imports that are too high in relation to exports. And such situations take longer to reverse than is the case when capital transactions are the cause of the outflow."

The National Bank now thinks the capital outflow has definitely been halted.

"We anticipate a fairly stable inflow of capital from now on, even if it is not that large," said Kurt Eklov.

"Above all an improvement in the balance of trade will lead to that result. But we also think that the interest difference between Sweden and other countries has now become so great that businesses will increase their net borrowing of foreign capital."

Devaluation Anticipation Remains Problem

Stockholm DAGENS NYHETER in Swedish 29 May 85 p 12

[Commentary by Jan Magnus Fahlstrom]

[Text] Since the devaluation in October 1982 up until sometime this year the krona has been "strong." Toward the end of 1984 a weakening tendency was noted and since the beginning of March the krona has been definitely "weak." Why?

First, a definition of what is meant by a strong and a weak krona. The standard of the strength of the krona is the exchange rate index which with a weighted average shows what a "basket" of 15 foreign currencies is worth in terms of kronor.

The exchange rate index has a "guide level" that was set at 132 at the time of the 1982 devaluation. This can be stated as showing that the standard price of the currencies in the basket is 132 kronor. If the index is at 132, the krona is by definition neither strong nor weak. Its value is exactly what the devaluation was intended to maintain. If it is above 132, if the basket of foreign currencies is worth more than 132 kronor, the krona is weak. If the index is under 132 it is strong.

From the time of the devaluation until the middle of January 1985 the index was almost always under 132, as low as 129 at its lowest point. In other words the krona was strong. Sweden lost some of the competitive advantage that was the point of the devaluation, of making the krona cheaper in relation to other currencies.

But after breaking through the ceiling on several days in January and February the exchange rate index has been consistently over 132 since the beginning of March and with a few exceptions it has been over 133. In other words the krona has gone through a long and uninterrupted period of weakness for the first time since devaluation.

One explanation that has been offered is that Sweden has had an unexpectedly large deficit in its trade balance, an estimated 9-10 billion kronor in the period from January to April. People are talking about "capital flight," speculation in the krona, pressure on the krona as a result of eroding international confidence in our economic policy.

It is obvious that we have capital outflow when there is a deficit in the balance of trade. The deficit means precisely that our current payments for goods and services, including interest, are larger than what we are paid for exports and other income from abroad.

The National Bank estimates that capital outflow so far this year has been at roughly the same level as the balance of trade deficit, namely around 10 billion kronor. For a variety of reasons the comparison cannot be exact but this hardly gives much leeway for assumptions about "speculation."

Other things being equal, a deficit in the trade balance exerts a downward pressure on the exchange rate of the krona. The amount of foreign currency that flows in to pay for our exports, etc. is less than the demand for foreign currency in exchange for kronor to pay for our own current foreign expenses.

But we have had deficits in the trade balance before without weakening the krona. We had such a deficit for a large part of the time since the 1982 devaluation while the krona remained "strong."

That is because the National Bank maintained a corresponding surplus in the capital balance. To put it simply, we borrowed foreign capital to cover the deficit in our current payments.

The state has been the major borrower, through the National Debt Office. But in principle it does not matter whether the state borrows itself or makes businesses and municipalities borrow the money. When the capital comes into the country, the National Bank pays for it in kronor and adds it to the bank's currency reserves.

When necessary the National Bank then places these reserves on the market to cover the lack of foreign currency against payments in kronor that is created by a deficit in the balance of trade. Thus it can prevent the exchange rate of the krona from being forced down, if it wishes to do so. The currency reserves are then replenished with new foreign loans.

This means, to exaggerate just a trifle, that it is the National Bank that determines whether the krona will be strong or weak by being more or less

generous in supporting it. In earlier periods when there was a trade balance deficit the exchange rate index was kept below 132. Now it has been allowed to climb above 133. The krona has been allowed to become weak.

One explanation could be that both the head of the National Bank and the finance minister made statements of principle around the beginning of the year to the effect that it was time to end net state borrowing abroad.

But that cannot be the reason because the principle has been abandoned in practice. Since the beginning of the year the state has borrowed around 10 billion kronor in net foreign loans, in other words roughly what was needed to cover the trade balance deficit without making inroads on the currency reserves.

There remains a "political" explanation. And from what DAGENS NYHETER has been told in reliable circles it is also close to the truth.

In the first years after the government shift and the devaluation it was important to show that the operation was succeeding, that Sweden's economy was becoming stronger. The image of a strong and stable krona was part of this effort.

The perspective has now changed. Now a priority has been placed on the struggle to keep the fruits of devaluation from being eaten up by more rapid inflation and cost increases in Sweden than in the rest of the world.

This involves putting fear into the hearts of the labor market factions, bracing up the employers, forcing wage earners to be reasonable, motivating tighter credit and increased interest rates. A weak and faltering krona fits into this picture.

Excessive Industry Costs Blamed

Stockholm DAGENS NYHETER in Swedish 29 May 85 p 2

[Editorial: "Swedish Prospects"]

[Text] The economy is fluctuating, or at least the forecasts are. Swedish Export Bank economists estimated in January that the balance of trade would produce a surplus of 7 billion kronor this year. Less than 4 months later they were predicting a deficit of 7 billion instead.

In the revised finance plan the finance minister wrote about how the curves in the Swedish economy were now being forced in the right direction. Three weeks later he slammed on the brakes with a sharp interest rate increase and austerity measures that are said to be vital but cannot get through parliament unless VPK [Left-Communist Party] can be convinced of their necessity.

And the U.S. Commerce Department suddenly discovered that growth had slowed to a halt during the first quarter of the year.

The Swedish economy is traditionally very influenced by exports. And the government's economic strategy is based entirely on exports: growth led by export increases is supposed to end balance problems, provide a foreign trade surplus and generate tax revenues for the state. Thus Swedish economic prospects depend primarily on the international outlook.

In recent years the United States has acted as the driving force in the international economy, mainly because of an enormous surplus of imports. In 2 years, 1983 and 1984, the EC countries increased their exports to the United States by around 60 percent.

The high rate of the dollar gives imports an advantage over domestic production. If the rate does not go down there is a risk that the United States--against the President's wishes--will react with highly protectionist measures against imports. That would adversely affect a large part of international trade--especially Sweden's share--since 13 percent of our exports now go to the United States, which is quickly becoming the Swedish export industry's second largest market.

If American growth levels off and trade conditions take off in Western Europe some American investments will be shifted to the European economies. The result would probably be a decline in the rate of the dollar.

For Sweden a declining dollar would have two main effects. The balance of trade would improve somewhat since imports are greater than exports in the dollar-invoiced trade sector. Businesses that sell to the United States would lose in terms of profits and/or volume. But the export industry as a whole would compensate somewhat because the krona would follow the dollar downward--so the result would be some depreciation and improvement in competitiveness in relation to the EC countries.

A West European market upturn to replace the American one does not seem likely. Low profitability has discouraged investments and this has slowed growth and produced high levels of unemployment. Low profits tend to lead to high unemployment--and vice versa.

Swedish industry sells roughly two-thirds of all goods produced abroad. In that sense the Swedish economy is highly dominated by exports. But in practice it is more the composition of exports than their relative size that makes the economy dependent on the international market. The segment of industrial production and export that is made up of investment goods is very sensitive to the state of the market. Actually Swedish exports represent a small share of total markets and in principle should be able to compensate for a market decline by lowering prices somewhat--thus keeping sales on a fairly even keel.

The problem is that Swedish industry works under a cost pressure that does not seem to give any margin for competitive pricing. Our major competitors are the West German companies that set maximum market prices. But for a long time the wage increase and inflation rate in Sweden has tended to be higher than in West Germany. We have corrected the difference only through repeated devaluations.

What does it mean that we have now abruptly broken this trend? Swedish exports are levelling off while imports are rising. That is a pattern that is normal for the Swedish market cycle: after an upturn companies start importing investment goods; private consumption always has a high marginal import content and is difficult to keep in check for any length of time.

Austerity in economy policy has long depended entirely on monetary policy. When the finance minister suddenly embarks on fiscal policy austerity that is necessary in principle, the nonsocialist opposition flatly rejects it. Some of the objections are justified for other than merely tactical reasons. But where is the common alternative?

Currency Drain Estimate Lowered

Stockholm DAGENS NYHETER in Swedish 1 Jun 85 p 10

[Commentary by Jan Magnus Fahlstrom]

[Text] Since the beginning of the year 10 billion kronor in currency had flowed out of the country, a quarter of it in the previous week alone. That was the dramatic background when the head of the National Bank announced interest increases and other credit-tightening measures on 13 May.

LO [Swedish Federation of Trade Unions] reacted by demanding a special commission to look into capital outflow. In the past half year we have had a substantial capital outflow beyond the amount that can be explained by real trade flow, according to LO's letter. LO said it was inexplicable that Swedish currency is so much weaker this year than it was 3 years ago.

As far as we know no such commission has been appointed. But it is always interesting to look at the information provided by the National Bank and the National Debt Office.

First of all, what is capital outflow? Each week foreign currency worth several billion kronor flows in and out of Sweden. When we talk about outflow it means that more has gone out than has come in (and vice versa). In other words the net figure is given.

If the National Debt Office increases its foreign borrowing by 1 billion kronor the National Bank's currency reserve should increase by the same amount, other things being equal. That is where the money ends up.

And the currency reserve should fall when the National Debt Office pays back a loan without replacing it with a new one. That is where the money is taken from.

If the currency reserve does not increase or decrease as it "should" with respect to the actions of the National Debt Office the difference is explained as a private instead of a state capital flow.

From the beginning of the year until the week when the interest increase was introduced the state had increased its net foreign borrowing by 11.6 billion kronor. The currency reserve had risen by only 2.4 billion kronor.

In other words there was a capital flow of 9.2 billion. This must have been what the head of the National Bank had in mind when he announced the interest increases and what LO meant when it said we "had a substantial outflow of capital beyond the amount that can be explained by real trade flow."

But it is important in this context to look closely at the statistics. There is a passage in the weekly reports of the National Debt Office which in the latest report read: "During this period the National Debt Office's loan transactions affected the currency reserve by -986 million kronor. About 576 million kronor went to pay for interest, etc. on foreign loans."

The first statement means that the national foreign debt was reduced by 986 million kronor as a result of repayments. In other words the currency reserve "should have" fallen by the same amount. But the weekly report from the National Bank showed a drop of only 568 million.

The difference, 418 million kronor, is consistently reported as a capital influx, a sign that capital has begun to flow back into Sweden following the interest increases.

The amount had a mixed reception in international reports. The influx was noted. But the fact that it was not larger in the very first week was taken as a sign that "confidence" in the Swedish economy had not been fully restored.

But to return to the second statement in the National Debt Office's report, the one that said that 576 million kronor was paid in interest on foreign debts.

Interest payments on foreign loans are taken out of the currency reserve and "affect" it just as much as amortization payments, even though the way the National Debt Office formulates it one might get the opposite impression. There is no logic at all in removing the effect of the state's borrowing or loan repayment activities from the weekly report while leaving in its interest payments when it comes to estimating (non-state) capital flow.

During the week in question, in other words, the state actually spent 1.562 billion kronor in currency reserves (986 million to reduce its foreign debt

and 576 million in interest payments). The fact that the reserve declined by only 568 million indicates a capital influx of 994 million kronor (1.562 billion - 568 million).

From the beginning of the year up to the week when interest rates were increased the state had paid 5.7 billion kronor in interest on its foreign loans. If that is also included in the calculation of non-state capital outflow, the figure is instantly reduced from the National Bank's reported figure of 9.2 billion kronor to 3.5 billion.

To use the words of the LO letter, this amount is scarcely "above the amount that can be explained by real trade flow." This does not mean that Feldt and Dennis are jumping to conclusions. A big jump in private consumption with a subsequent increase in imports is bad enough--when the state is already putting a heavy burden on the balance of trade with its big interest payments.

6578

CSO: 3650/248

ECONOMIC

SWEDEN

BRIEFS

INDUSTRIAL PRODUCTION RISES--Industrial production rose sharply in March following declines in January and February. The increase in March was four percent, and thereby reached 8.6 percent above the level of March of last year. Despite this increase, the first quarter of this year was lower compared with the last quarter of last year. Production was extremely high then. Receipt of orders, however, declined in the first quarter compared with the first quarter of last year. Primarily it was the export market which declined. It is still too early to say whether this is a coincidence or a change in the economic situation, according to the Central Statistical Bureau, which assembled the figures. [Text] [Stockholm DAGENS NYHETER in Swedish 1 Jun 85 p X 10] 9287

CSO: 3650/246

ECONOMIC

TURKEY

TURK-IS: TURKISH LABOR CHEAP

Istanbul CUMHURİYET in Turkish 8 Apr 85 p 12

[Text] BUSINESS-LABOR SERVICE - TURK-IS [Turkish Confederation of Labor] President Sevkett Yilmaz is meeting with President Kenan Evren prior to the confederation meetings in which the attitude towards the government will be spelled out.

The meeting with the president, at Sevkett Yilmaz's request, will take place today at 1700 hours. Yilmaz pointed out that they felt the need to explain to the president the problems they are having. He said he would not discuss relations with the government until the decisions of the authoritative organs of the confederation have been adopted.

Yilmaz said that all unions were complying with the decision they had adopted in their public contracts to freeze negotiations until 15 April and that the stance to be adopted vis-a-vis the government's imposing wages by means of the Public Coordination Council would be specified at the 10 April meeting of the union presidents' council and the board of directors' meeting on 11 April.

The working report drawn up by the TURK-IS board of directors points out that the 24,525-lira minimum wage has been reduced to 16,311 liras today as the result of steadily growing inflation, according to an ANKARA AGENCY report.

The board of directors' report will be presented at the TURK-IS Presidents' Council meeting to be held 10-11 April to which Prime Minister Turgut Ozal and other government members have been invited. The report notes that labor "has become rather cheap" in Turkey as the result of high inflation and keeping wages low. Wages declined 42.5 percent in real terms between 1979 and 1984, according to the report, which reads, "At today's wages, a day's work will not buy 1 kilogram each of meat and cooking oil." It is noted in the report that a family with two children living in Ankara must spend 47,552 liras on food in order to have a "balanced and adequate" diet and that wage increases since 1980 have lagged far behind inflation.

The report points out that the minimum wage, set at 24,525 liras when it went into effect on 1 April 1984, has dropped to 16,311 liras through the impact of rising inflation. "In other words, price increases have put the minimum wage back to the amount it was prior to being set," in the words of the report.

That labor in Turkey has become cheap as the result of the "conscious policy" pursued in connection with wages is stressed in the report, which continues:

"While increased investment was envisaged in this way, there has been no change in investments. The cheapening of labor has made it possible for employers to meet to a degree their input and interest costs which they could not keep from going up. In this way, it has been possible for them to retain their profit margins. The worker share in the value of production has been declining steadily for years at the SEE's [State Economic Enterprises], in that it was 23.8 percent in 1978 and had declined to 8.2 percent in 1984 under the impact of the price and wage policies pursued. Actually, this rate shows that the people who claimed that higher wages would lead to inflation clearly had other intentions. The end effect on price hikes of wage increases would remain limited to the worker share in costs."

Inflation is one of the most important factors disrupting income distribution in that the occurrence of such a situation becomes a question only of ensuring that income is below the inflation rate, according to the report, which reads: "Wage increases to workers have consistently lagged behind prices in recent years in the name of fighting inflation. Thus, the fight with inflation performs the function of abrading the income of the sectors that are worst affected by inflation."

The report notes that while it took 50 minutes of a day's work in 1978 to buy a kilogram of cooking oil, that period had risen to 2 hours, 56 minutes in 1984 and expresses the following views:

"In the same way, where 3 hours, 42 minutes of work was enough to buy a kilogram of meat, it now takes 5 hours, 43 minutes. In other words, a day's work at present wages is not enough to buy a kilogram each of meat and cooking oil. Meanwhile, food expenditures for a family with two children living in Ankara to have a balanced and adequate diet have increased 55 percent over last year, having reached 47,552 liras. It is impossible for one to cover even the cost of food with today's take-home pay."

8349

CSO: 3554/128

28 June 1985

ECONOMIC

TURKEY

FAISAL FINANCE, AL BARAKA TRADE IN PRODUCTS, NOT MONEY

Istanbul CUMHURIYET in Turkish 10 Apr 85 p 9

[Article by Meral Tamer: "Islamic Banks Operating as Companies"]

[Text] Faisal Finance Corporation and Al Baraka Private Finance Corporation, which have started up back-to-back activity in our country in interest-free banking, will operate, it seems, as both banks and companies.

These organizations have the power of companies to buy and sell goods, as well as the powers of banks to trade in money, and seem to have based the service they provide to their customers on products rather than cash. It attracts notice that the goal of reducing the risks stemming from doing business in money is also a factor in this approach.

According to what we learned from both Dr Nazif Gurdogan, Assistant General Director of Faisal Finance Corporation, and Selim Seval, a director of Al Baraka, both organizations, instead of supplying their clients credit in cash, prefer to carry out themselves the trade the client would have engaged in and then share the resulting profit with the client.

Dr Nazif Gurdogan explained their practice in these words: "Rather than deal in money, we prefer to provide service to the client on the basis of products."

Al Baraka officer Selim Seval gave more detailed information:

"Most of the time, we do not hand over cash to the client requesting credit. The client may request credit from us saying he wants it for exports, then he may use the money he gets for some other purpose or even gamble it away. Because we have the right to operate as a company, we have a chance to minimize this sort of risk. For example, say that a firm requests credit from us to export chickpeas. It has made an agreement with the purchasing country. However, it needs financing to buy the chickpeas from the growers and for packaging and shipping. So we purchase the goods ourselves, since we can operate as a company, package them and load them. The letter of credit opened by the exporting company goes through our bank. The exporter accomplishes his exports without spending 5 cents. And when the exporter's money is sent to our bank, we pay the expenses we have incurred up to that date and pay the remainder to the exporting firm, less the commission we set according to the risk involved."

The two organizations, it is understood, will concentrate on financing imports and exports in their initial years, there being no question at present of their financing investment projects. Faisal Finance officials, after saying, "Our first goal is to open up Turkey's industrial products to the Gulf nations," complain that Turkey has potential in the Gulf nations that has not yet been adequately realized and add that they may have the opportunity to realize this potential through Faisal Finance, which has offices in 18 countries, mostly in the Middle East, and to find new clients as well.

Al Baraka officers underscore their basic goals as the Middle East market, but point out that they would also like to be a conduit for imports from Europe. At any rate, the business engaged in to date by both organizations consists of imports-exports.

Firms among Faisal Finance clients are Transturk Holding, wishing to export to Iran, Otomarsan [Bus and Motorized Vehicles Industry, Inc] and Ercan Holding (MAN [Truck and Bus Industry, Inc]), which want to sell buses and trucks to Egypt and Sudan, and the Bahattin Goren firm that wants to ship supplies for a dam contract it was awarded in the Middle East.

Al Baraka's first client was the firm Imeks, which wanted to export 500 million liras in food items, primarily chickpeas, to Tunisia. Imeks is the foreign trade company of the Dogus Group. It was followed by CBS [Paint-Chemical Industry and Trade, Inc] owned by Saban Cavusoglu. Also, Teleteknik is importing Commodore computers from Europe through Al Baraka, and the Kavala Group exports to Algeria.

We learned this from Selim Seval as to how the commissions for all these activities are set:

"The concept of a profit-loss partnership is often equated with interest. We do not have interest. So we do not have an interest rate that we set like other banks. Let me give you this example: Is the risk on a 10-million lira deal the same as on a 100-million lira deal? You stand to lose 10 times more on 100 million liras than on 10 million liras. Therefore, the commission immediately changes. Also, say there is a 100-million lira deal; you look at it and there is practically no risk. Then there is a 100-million lira deal that appears quite risky. The commissions you are going to ask for on these two deals will naturally differ. We are very dynamic and, after examining the projects carefully, decide each one on its own merits."

Faisal Finance Clients

Transturk
Ercan Holding
Otomarsan
Bahattin Goren

Al Baraka Clients

Imeks-Dogus
CBS
Kavala Group
Teleteknik

8349

CSO: 3554/128

ECONOMIC

TURKEY

IMF DELEGATION EXPECTED TO 'WRAP UP' NEW ARRANGEMENT QUICKLY

Istanbul MILLI GAZETE in Turkish 26 Apr 85 p 6

[Text] Ankara - The talks to be held between Turkish fiscal authorities and IMF experts on the 1985 "stand-by" are expected to be concluded within a week. The IMF delegation's visit to Turkey will last, at most, until next weekend, according to information obtained by an ANKARA AGENCY correspondent.

The 1985 stand-by arrangement, which has been debated since the first of the year, is expected to change all of the old familiar performance criteria.

Stand-by arrangements which have been carried out since 1978 under IMF patronage were based on the Central Bank's net domestic worth and public-sector-oriented credits as compulsory performance criteria. It has become certain, however, that in the new arrangement these will be replaced by performance criteria based on the designation of limits on the budget deficit and cash reserves and the period of compliance with these limits.

The differences of opinion between Turkish fiscal authorities and IMF experts in connection with changes in the performance criteria were settled "in principle" in the bilateral talks that Prime Minister Turgut Ozal held with IMF chief Jacques de Larousiere during his U.S. visit.

The limiting of cash reserves, described as the money put in circulation by the Central Bank, and accepting it as a performance criterion will enable Turkey to enjoy access to all the open doors from which it benefited in applying a tight money policy. For this reason, closer cooperation between the Central Bank and the Treasury will be necessary. Meanwhile, slowing down sales of Treasury Bonds, which during implementation of the tight money policy have come to mean a way of printing money, and promoting longer-term state bonds instead, especially in the banking system, will become unavoidable.

As for the budget deficit performance criterion, it looks as though this could create a problem in practice owing to delays in access to budget figures. Budget data are at least 3 months behind at present.

Another problem involving the budget deficit may arise, it seems, from the difference between the IMF's definition of it and the definition Turkey has adopted in practice. Since the budget deficit as applied by Turkey defines domestic debt as income, the deficit appears lower than it actually is.

The IMF criterion on the budget deficit is that the deficit not exceed 1.5 percent of total national income in 1985. The goal for accomplishing this is to raise, quickly but in steps, the tax-revenue percentage of national income, presently as low as 14 percent, to 18 percent.

The new stand-by arrangement, skeptical of significant cuts in public spending until sufficient increases in revenues have been obtained in connection with the budget deficit, will also limit financing for state economic enterprises out of budget resources and public financing in general.

Moreover, reducing the procedural balance deficit to \$1 billion in 1985 may also be obligatory. A \$1-billion limit on the Central Bank's short-term debt, exclusive of the deposit accounts of Turkish citizens, is expected in this framework.

8349

CSO: 3554/128

ECONOMIC

TURKEY

PIRATE, INSURANCE-FREE LABOR REPORTED AT ONE IN THREE BUSINESSES

Istanbul MILLI GAZETE in Turkish 20 Apr 85 p 6

[Text] Istanbul - One in every three work places operating in our country as of 1983 reportedly employs pirate labor without paying insurance, and these work places, numbering 640,000, also fail to report their employee rosters to the Social Insurance Organization [SSK].

According to research conducted by the Turkish Automobile Workers Union, in addition to these businesses which employ insurance-free, pirate labor, making no report to the SSK, there are also many work places that do not report some of their workers to the SSK, though they usually employ insured workers. By taking these anti-SSK stances, employers avoid taxes in one sense and also unlawfully deprive workers of their right to social security, the research report indicates, pointing out that an effective oversight mechanism is obligatory in order that the social security organizations in our country might become established in the full sense.

Figures from the report follow, showing the total number of work places between 1975 and 1983 and the work places that do and do not make reports to the SSK:

Compliance with SSK Law

Year	Total Workplaces	Report to SSK	Do Not Report to SSK
1975	642,562	437,231	205,441
1976	738,646	521,705	216,941
1977	828,749	599,551	229,198
1978	906,098	674,968	231,130
1979	972,473	738,248	239,225
1980	994,732	753,152	241,580
1981	840,882	581,293	259,589
1982	858,087	584,627	273,226
1983	911,467	629,840	281,627

8349

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ENERGY

DENMARK

OIL, GAS MONOPOLY FORESEES FIRST PROFITS AFTER TEN YEARS

Copenhagen AKTUELT in Danish 24 May 85 p 6

[Article by Henrik Skov]

[Text] Dansk Olie og Naturgas [Danish Oil and Natural Gas], in everyday language abbreviated into DONG, lost, as planned, 1 billion kroner last year. The construction of the nationwide natural gas network and the oil pipeline from the North Sea fields is so costly that the state-owned company will only start yielding profits in 10 years.

This appeared from figures of accounts presented by DONG at its annual meeting last Thursday. Nearly the entire deficit is due to the construction of the gas network, whereas the oil pipeline yielded a modest surplus of 16 million kroner. The surplus is due to the fact that the DUC [Danish Underground Consortium (of oil and gas firms)] companies which convey the oil through the pipeline have to service the loans and pay the operating costs for the pipeline in addition to profits in the amount of 10 percent. DONG's surplus appears after the deduction by Minister of Energy Knud Enggaard of profits in the amount of 132 million kroner for the Treasury.

In the spring of 1984, politicians arranged for Danish power stations to be obligated to purchase the gas not purchased by industry, district heating plants and homeowners. At the time, it was expected that 2.5 million cubic meters would be burned annually by power stations.

Even if homeowners are very reluctant gas consumers, DONG's gas sales have now reached such a high level that the costly forced purchases on the part of power stations have now been cut to 1.8 million cubic meters.

"We have had to make a downward adjustment of our expected sales to homeowners, but, on the other hand, industry and district heating plants purchase more than we had expected," said Peter Skak-Iversen, manager.

Incidentally, a large portion of DONG's deficit is due to foreign exchange losses. All foreign loans have been raised in U.S. dollars, and in 1984 alone

these loans cost 768 million kroner more on account of the sharp increase in the dollar rate of exchange. Holger Lavesen, chairman, said that, in the future, they will borrow in less risky currencies.

Cheated by Shell

More surprising than the large costs of developing the gas network is the fact that DONG also lost money on its oil transactions. DONG's subsidiary DOFAS [Danish Oil Exploration Corporation] purchases oil in Saudi Arabia and is, moreover, entitled to take over oil from DUC. In total, DOFAS last year took over well over 500,000 tons of oil, which were refined at the refinery at Shell at Fredericia [Jutland]. That meant a loss of 26 million kroner.

"The loss is, to a large extent, due to the increase in the dollar rate," said Holger Lavesen.

It is, however, a fact that DONG this year has chosen to have a large portion of its oil refined in Sweden.

"We expected a certain price decline after the disappearance of the Swedish competitor," said Jørgen Høy, manager.

He declined, however, to confirm a rumor that Shell would have earned 70 million kroner on the DONG oil. Another reason why the work is now taken abroad is that Olieelskabet Danmark which is closely related to the Swedish refinery Svenska OK [The Swedish Oil Consumers' Union], is DONG's most loyal oil customer. Uni-X has also been participating for a long time, and new customers are Texaco, Calpam and Haahr.

More Pressure Applied

The capacity of the oil pipeline will, incidentally, be expanded. Øjvind Boldsen, technical manager, said that it was considered applying higher pressure to the pipeline in order to nearly double the capacity. Such an investment would, however, beforehand have to be endorsed by the DUC companies, which would have to pay for it.

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ENERGY

DENMARK

A.P. MØLLER TO ASSUME FULL RESPONSIBILITY FOR OFFSHORE DRILLING

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jun 85 p 1

[Article by Lars Dyrskjøt]

[Text] At the turn of the year, the American company Chevron will give up the job of operator of the exploration in the North Sea to the Mærsk company, which is already operating the fields in the North Sea.

The A.P. Møller company of Mærsk Olie og Gas [Mærsk Oil and Gas] will now have the total responsibility itself for all of the activities in the North Sea of Dansk Undergrunds Consortium [Danish Underground Consortium (of oil and gas firms)].

As of 1 January, the Danish company will thus take over from the American company Chevron the most difficult job as well, i.e. the exploration for oil and gas in the North Sea.

Since A.P. Møller in 1962 was granted the concession of oil and gas in the Danish underground, first Gulf and later on Chevron, in cooperation with Dansk Undergrunds Consortium, have been in charge of the exploration.

"It has been natural for A.P. Møller to develop its own firm into operator, as A.P. Møller is the concessionary and, moreover, as partner in DUC has become considerably involved financially. The oil and gas industry is, moreover, today a large industry of far-reaching importance for the Danish society," Ib Kruse, shipowner of the shipping company of A.P. Møller, tells BERLINGSKE TIDENDE.

The news of the takeover by the Danish Mærsk company itself of the responsibility for the continued exploration for oil and gas finds comes at the same time as ØK [Østasiastisk Kompagni - East Asian Company], the Lauritzen concern and five Danish contractors are in the process of reaching an agreement with DONG [Dansk Olie og Naturgas (Danish Oil and Natural Gas)] on the establishment of a Danish operator company, Dansk Operatørselskab.

The said company will participate as operator in the upcoming second concession round in the area which A.P. Møller has given back.

"It would hardly have been possible for Mærsk Olie og Gas to have been a full-fledged operator within the oil and gas industry without assistance from its partners within DUC, viz. Shell, Chevron and Texaco, which, especially at the initial stage, had experts who participated actively in the work.

Members of the staff of Mærsk Olie og Naturgas have furthermore been posted for several years with DUC's foreign partners around the world to acquire sufficient knowledge and experience to safeguard important tasks within Mærsk Olie og Gas," says Ib Kruse, shipowner.

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ENERGY

DENMARK/GREENLAND

BIG OIL EXPLORATION PROJECT STARTING IN JAMESON LAND

Copenhagen BERLINGSKE TIDENDE in Danish 29 May 85 p 1

[Article by Thorkild Dahl]

[Text] The American oil concern ARCO will invest 1 billion kroner in Greenland in the course of the next couple of years. The oil exploration project may yield profits which will be five times larger than the earnings from the North Sea.

The drillings for oil in Jameson Land in Greenland will commence in the fall of 1987, and the first oil in a possibly major oil venture, involving investments of up to 40 billion kroner, is expected to be sold in the early nineties, Minister of Greenland Affairs Tom Hoyem (Center Democrats) tells BERLINGSKE TIDENDE after visiting the main operator ARCO in Los Angeles.

"If ARCO is successful in its first exploratory drillings, the first oil will appear in 1990," says Tom Hoyem, pointed out that the volume of the Greenland oil in Jameson Land amounts to nearly 55 percent of Denmark's present energy consumption. The North Sea oil may cover approximately 13 percent.

The start signal for the Greenland oil venture comes just as the chief economist of Handelsbanken [the Commercial Bank], Svend Moller Nielsen, points out that the government will have to include all incomes from oil and natural gas to eliminate the balance of payments deficit.

"In our talks with ARCO in Los Angeles, we have ensured a high rate of employment of Danes and Greenlanders in the project, and that the environment will be protected," says Tom Hoyem.

In Jameson Land north of Scoresbysund, 90 men are now compaing out in tents, and they will build the actual oil exploration town, which will include a large landing strip, in order for Scoresbysund as well to share in the project.

"The camp will be ready by mid-September, and the seismological investigations will be completed in 1986, when the first actual drillings may commence," says Tom Hoyem, adding that approximately 1 billion kroner will be invested in the first phase of the project.

"If the results of the exploration prove to be extensive and the oil has to be exploited, it may be a question of an investment of 40 billion kroner," says Tom Hoyem.

The oil finds and new finds of minerals will in time give Greenland an independent economy, says Minister of Greenland Affairs Tom Hoyem, adding "that Denmark and Greenland will, at some point, have to have a serious discussion on the arrangement governing raw materials."

From its new incomes, the Greenland home-rule government will now first have to cover the Danish subsidies to Greenland, and, subsequently, the two parties will be sharing.

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ENERGY

GREECE

BRIEFS

DEI LOANS--Four loan agreements amounting to DM336 million were signed yesterday by DEI [Public Power Corporation] director D. Papamandellos. The loans will go towards the financing of the construction of the fourth power-producing unit in Megalopolis. The agreements are the following: DM100 million from the Kreditanstalt fur Wiederaufbau Bank; DM100 million from a group of banks represented by the Arab Banking Corporation; DM91.2 million from a group of banks represented by the Deutsche Bank; DM44 million from the Generale Bank. The terms of the agreements are quite satisfactory, both in regard to the duration and the interest rate charged. [Text] [Athens TO VIMA in Greek 1 Jun 85 p 25]

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